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THE TIMES

The powerlessness of
the presidency:
Peter Jay, page 14

Herr Schmidt triumphs in West German election

he West German electorate went to the polls yesterday and after more than half the votes had been counted the results gave the coalition of Herr Helmut Schmidt, the Chancellor, a undestag majority increased from 10 to 40 seats. The biggest early gains were made by the Free Democrats. Herr Franz Josef Strauss's party sustained heavy losses.

Strauss party suffers heavy losses

on Patricia Clough
on Oct 5
Herr Helmut Schmidt's Social Democratic-Free Democrat coalition Government has held its ground in Germany for the past 11 years and was assured tonight of a more years in power with increased majority. Its gains, however, were most strikingly achieved by the Free Democrats, who jumped from 7.3 to 10.4 per cent of the vote early results. This, partly least, to support from liberal Christian Democrats who could bring themselves to vote for Herr Helmut Schmidt's coalition. The opposition's candidates for Chancellor, Herr Schmidt's Social Democrats made almost negligible gains of 0.2 per cent from 42.6 per cent and failed to achieve a secondary aim of becoming the biggest party in Parliament. This result came as a surprise, after successes in recent Land elections and the first question asked by political commentators tonight was whether a personal attack on Herr Schmidt was warranted. Herr Schmidt, appearing unruffled, smiling and confident, said television interviews were "very pleasant" and the election can be "very pleasant" to the result. The Government's majority had increased from 10 seats to about 40, he said. The Christian Democrats, who had lost 1.5 per cent, were disappointed. Herr Strauss, who had lost 1.5 per cent, said he was "very disappointed" but would not leave the political scene. He said he would remain in the Bundestag and would continue to work for the country. He said he would continue to work for the country. He said he would continue to work for the country.



Big Reagan lead is shown by three polls

From David Cross
Washington, Oct 5
At the mid-point in the presidential election campaign, Mr. Ronald Reagan, the Republican candidate, is ahead in enough of the nation's 50 states to beat President Carter by a comfortable margin according to three new public opinion surveys published here today.

The surveys, sponsored by Newsweek magazine, the Washington Post and The New York Times, show that Mr. Reagan leads Mr. Carter in 30 to 32 states with a total of between 283 and 321 votes in the electoral college.

Mr. Carter is ahead in 12 to 14 states, with the District of Columbia, with a total of between 126 and 151 electoral votes. Between eight and nine states were evenly balanced between the two candidates for the surveys to determine who was ahead. A total of 270 votes in the electoral college are needed for victory.

Rank-and-file members will tell Brighton conference of their dissatisfaction with handling of the economy. Ministers to face Tory criticism

By George Clark
Political Correspondent
As Conservatives prepared for the opening of their annual conference at Brighton tomorrow, Lord Thorneycroft, the party chairman, warned them not to draw too much comfort from last week's chaotic Labour Party conference or to assume that Labour's squabbles meant that the Conservatives would win the next election.



Lord Thorneycroft: "Policy of moderation."

The Conservative conference may be slickly organized, but there are plenty of indications that the rank and file are far from satisfied with the way in which Mrs. Margaret Thatcher and her colleagues have handled economic and industrial affairs.

They will be under strong attack for an alleged policy of moderation, and for their handling of the economy. The Conservative conference may be slickly organized, but there are plenty of indications that the rank and file are far from satisfied with the way in which Mrs. Margaret Thatcher and her colleagues have handled economic and industrial affairs.

On the industrial front, there will be demands for tougher action against the unions. The Institute of Directors and the Centre for Policy Studies have urged that the codes of conduct for picketing and the closed shop put forward by Mr. James Prior, Secretary of State for Employment, should be given the force of law.

That demand will be supported at the conference proper, and at fringe meetings. So far, Mr. Prior has promised only a Green Paper next month setting out the range of union immunities and various options that the Government is considering. Those include: Legally enforceable contracts between employers and unions; a Bill of Rights setting out when strikes can be called; and with drawing legal immunity from prosecution from unions that are not affiliated with the Government.

Second bomb explodes in Paris as confidence in police wanes

From Ian Murray
Paris, Oct 5
A second terrorist bomb exploded in Paris early this morning, killing a Dutch tourist. Responsibility was claimed by a right-wing extremist group which has been active in the city since the end of the war.



Neo-Nazi literature litters the ground outside the ransacked Paris headquarters of the FNE fascist group.

One more person died today as a result of the bombing of the synagogue, bringing the total to four dead and nine injured. The second bombing has increased the worries of police in connection with the upsurge of right-wing violence in France. The two neo-Nazi groups would appear to be competing with each other in win publicity with terror.

A further concern within the police is that they are losing the public's confidence in their ability and determination to catch the terrorists. (M. Alain Peyrefitte, the Justice Minister, announced today that the investigation of the synagogue bombing would be handled by the State Security Service under his ministry (AP reports from Paris). The Police Department, which had been handling the case, is under the Interior Ministry.)

Yesterday, the plainclothes police unit, claimed that M. Christian Bonnet, the Interior Minister, had been for some time in possession of a list of 150 members of the outlawed Fédération d'Action Nationale Européenne (FANE), a neo-Nazi group, and that the names of 30 policemen, some of them high-ranking, were on the list.

M. Henri Buch, the union's leader, has called for a parliamentary inquiry into police actions. He said that the police were "in possession of a list of 150 members of the outlawed Fédération d'Action Nationale Européenne (FANE), a neo-Nazi group, and that the names of 30 policemen, some of them high-ranking, were on the list."

M. Bonnet has now ordered an extra three companies of riot police to be added to the two already assigned to protect Jewish premises in Paris. The 700,000-strong Jewish community in France has felt itself increasingly threatened recently, although so far there has been only one occasion over the past few years when any body has been hurt. The result has been the growing militancy of young Jews, who are prepared to protect themselves and the rest of the community. It is the Jewish backlash which the right-wing appears to be trying to provoke and which the Jewish leaders and the Government are anxious to prevent.

Last night, the office in the 10th arrondissement of Fauchoux Nationale Européenne (FANE) — the neo-Nazi group which replaced Fane when it was outlawed a month ago — was ransacked.

Leader page 15
Letters: On the Labour Party conference, from: Mr. Douglas Edin, and others; from Mr. Tony Christopher: Third World and the IMF; from Mr. Evan Luard: Anti-Semitism; Greece, Turkey and Cyprus; Features, pages 5, 14; Alan Hamilton in Tibet; Raymond Whittier's Westminster view; Eric Peffer on the Labour conference; and the "Gull, by Nicholas Hirst; David Spenser on gambling; Sport, pages 6-8; Golf: Larger wine Masters; Football: Nottingham Forest bid for Neeskens; Obduracy, page 16; Sir Conrad Corfield; Arts, page 17; The Canadian novelist Marjorie Richter talks to Jim Head; William Mann on the Benson & Hedges competition for young singers; Business News, pages 18-23; Business features: Peter Norman charts the success of British Petroleum's German subsidiary; Donald Macintyre on the repercussions of the Isle of Grain dispute; Business Diary: Profile of Viscount Elinore Daygann.

Moscow embarrassed by report that Iran rejected aid offers

Tehran, Oct 5.—Mr. Muhammad Rajai, the Iranian Prime Minister, has apparently rejected an offer of Soviet military aid.

A report today by Tehran Radio said the offer came at a meeting late last night between Mr. Rajai and Mr. Vladimir Vinogradov, the Russian Ambassador.

The report quoted Mr. Vinogradov as saying: "We are ready to give you help as regards military armaments." But Mr. Rajai, after giving a list of Iranian grievances against the Soviet Union, was quoted as saying that in the absence of healthy relations with Moscow, Iran was not ready to exchange its independence for Russian aid.

Most of the weapons that Iraq is using to fight Iran in the two-week-old Gulf war are Soviet-supplied. Almost all of Iran's military equipment is American-made.

The report quoted Mr. Vinogradov as telling Mr. Rajai at their two-hour meeting that the Soviet Union, like Iran, was fighting "American imperialism." He shared foreign policy viewpoints with Iran, and respected the Iranian revolution.

Reuter. Soviet silence: There has been no public reaction in Moscow to the Tehran Radio report, but it is true the Russians will be extremely angry that news of the offer has been made public (Michael Sinyon writes from Moscow).

The report is deeply embarrassing to Moscow for a number of reasons. First, it casts doubt on the Soviet Union's declaration that it is remaining neutral in the Gulf conflict, and undermines the claim that it is only the Americans who are trying to profit from the conflict.

Secondly, it is bound to lead to a strain in Soviet relations with Iran, and may be seen in Baghdad as a perfidious move at a time when the tide is turning to turn against the Iranians.

The Iranians sent a senior minister, Mr. Tariq Aziz, to Moscow at the start of the war to seek Soviet support, but he came away disappointed. Baghdad may have accepted Moscow's overtures of neutrality, but will hardly accept offers to arm their enemy, especially in the light of the 1972 Soviet treaty of friendship with Iran.

Thirdly, the reported sharp return given to Mr. Vinogradov by Mr. Rajai publicly underlines the poor state of relations between the two countries, and makes it that much more difficult for the Russians to continue turning a blind eye to Tehran's hostility in Soviet policies in Afghanistan and elsewhere while attempting to woo over the Islamic regime.

In general, the Russians are reluctant to discuss arms deals with any country, and must be especially wary that this offer has been revealed at such a sensitive time. It will complicate Soviet relations with the United States, and may bring nearer the possibility of a superpower confrontation over the Gulf, which the Russians have tried to avoid.

Secret visit: King Hussein of Jordan returned to Amman today after a secret 24-hour visit to Baghdad and the state-run Jordanian news agency quoted the King as saying that the Jordanian military support for Iraq was "a possibility."

The agency said King Hussein met President Saddam Hussein of Iraq and his Defence Minister and was briefed on the progress of the war with Iran.—UPI.

Iraqi ceasefire ends after barely an hour

From Robert Fisk
Khorramshahr, Iran, Oct 5.

Just six and a half hours after the start of Iraq's unilateral "ceasefire," the Iranian Army sat in the shade of a damaged villa in Khorramshahr today and declared to us that its troops had taken control of the city, and its port on the Shatt al-Arab waterway.

But army officers are unwise to make such statements unless they are out of mortar range. Even before the ceasefire, his eyes bloodshot and his head banging with fatigue, had finished shouting Iranian shahs began showering into the ruined houses and orchards round us.

"Please go now, because it is not safe," a brigadier pleaded as explosions began to bang and crash round the villa wall. An Iraqi commando was led through the gate, blood dribbling down his right cheek from a shrapnel wound.

The Special Forces soldiers, no longer laughing and making their familiar victory signs at the press—sat round the edge of an empty blue-tiled goldfish pond and stared at us glumly. It must have been one of the noisiest ceasefires in Middle East history.

That the Iraqis now control much of Khorramshahr, including the port, can no longer be in doubt. But Iranian Revolutionary Guards are still holding out in the smashed buildings on the western side of the Karun river, and only 12 hours earlier, the Iraqis had sent six Chieftain tanks past the post office and fired shells at the Iraqi command post.

We hit one Chieftain with a rocket-propelled grenade, the colonel said. "Now, the rest of the tanks are on the other side of the river."

Shells went on exploding down the road this morning, and in the smoke beside the Bailey bridge it was just possible to see an Iraqi tank, its harrel traversing wildly and its tracks thrashing in the rubbish along the street, driving towards the centre of the city. Colonel Rastor claimed that the Iraqi tank was destroyed only by a volley of shotguns. Revolutionary Guards were still fighting, and that his own men had sustained only 30 fatalities in five days of street battles. It was a brave, confident, and totally "impossible" figure.

The ceasefire, so ceremoniously called by General Adnan Khairallah, the Iraqi Defence Minister, last night had lasted scarcely an hour. It was supposed to begin at 10 am today on condition that the Iraqis did not continue the war.

Continued on page 4 col 6

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Six policemen shot dead in Basque region

Six policemen were shot dead by terrorists in the Basque region of Spain, bringing the death toll from political violence in the country to 10 in a week. In Madrid, a bomb exploded at the office of the Alitalia airline, injuring 12 people, four seriously. Senator Adolfo Suarez, the prime minister, said that the Government would never negotiate with the Basque separatist organization, the Euzko Askatasuna, or its political wing, the PSE-EE. He said that the Government would continue to work for the Basque region, but would not negotiate with the separatists. He said that the Government would continue to work for the Basque region, but would not negotiate with the separatists.

Uddery wins Are

Uddery, ridden by P. Eddery, owned by Robert Sangster and trained in France, won the Prix de l'Arc de Triomphe at Longchamp, Paris, today. The English-trained favourite, ridden by a close third behind Arcant, a French outsider.

Mr Callaghan under pressure to stay

Mr Callaghan is under increasing pressure to stay on as leader of the Labour Party at least until after January, when a special conference will seek a way to involve all sections of the party in choosing a new leader.

Big sea rescue

In one of the biggest rescues in maritime history, 510 passengers and crew were saved from their lifeboats and taken to Alaska after a Norwegian cruise liner, the Braemar, was hit by a massive wave and pushed aside, old ladies.

News merger offer

The Associated Newspaper Group, owners of the London Evening News, have offered to make available to independent examination details of the merger agreement between the newspaper and its rival, the Evening Standard, in an attempt to allay suspicions of pricing unions about the merger.

New Transport Act starts fares war

The first low fare coach services start today as the Transport Act comes into operation, with a fares war between operators of the state-run National Bus Company and some of the new private coach companies.

Belgian crisis moves

Strenuous efforts were made during the weekend to resolve differences within the Belgian coalition Government. Prime Minister, resigned after the Cabinet failed to agree on measures to cut social security spending by £215m next year.

Overture to Ulster

Mr Charles Haughey, Prime Minister of the Irish Republic, reiterating his Government's policy of achieving a united Ireland peacefully, extended the hand of compromise and opposition to the Ulster Unionists, but he insisted that the minority community would never again accept second-class status.

Mr Heath writes in 'Europa' tomorrow

In Europa tomorrow Edward Heath writes on EU sanctions and the Soviet Union; Bob Beckman on the effect of recession on European economies; and the threat to the Colorado Indians is discussed by Jacqueline Grapin.

Life and leisure: The British and European Brass Band Championship

is depicted in the first of a series of articles on amateur activities. Italy: Our Rome Correspondent says the Queen will note many changes when she revisits the country after a 20-year break.

Business efficiency: A five-page Special Report on the latest developments in information technology

Classified advertisements: Personal, pages 25-28; Appointments, 22, 23, 26; Reader Services Directory, 24.

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HOME NEWS

First low fare coaches under new Act take the road today

By Craig Seaton

The Transport Act, heralded by the Government as containing the biggest series of reforms in road passenger transport for 50 years, comes into operation today, when car sharing costs will be legal and the first private cut-price long-distance coaches will compete with services from London to provincial centres.

The Act, under which private bus services of 30 miles and more need not be licensed, has created a far more competitive market for operators of the National Bus Company, the state-owned service, and some of the new private companies, especially on inter-city routes.

Mr Norman Fowler, Minister of Transport, will be at a London coach station this morning to witness the start of some of the private coach services. Mrs Margaret Thatcher has sent congratulations to Gastonia Coaches Ltd, of Cranleigh, Surrey, a pioneer in the field, who start a service to and from London today.

When the Act was a Bill in the House of Commons it was seen as an example of Conservative Party free enterprise philosophy. It lifts restrictions on car sharing, enabling motorists not merely to offer lifts but also to charge to cover the cost of journeys.

Commuters and factory workers will be allowed to form coach hiring clubs. Local councils can use the school buses to carry free-paying passengers on school journeys, as well as using the buses to run extra local services.

Mr Fowler said the Act would introduce more competition on

bus routes and benefit passengers. Since fares were announced by British Coachways, a new consortium of 10 members, National Express, part of the National Bus Company, has announced big fare reductions.

Competition on the Birmingham-London route has brought fares down from nearly £6 in the summer to only £2 for a bookable seat. National Express is cutting fares on routes to Yorkshire, Liverpool, Manchester, the South-west and in other areas.

British Rail has organized itself to face the situation. Mr Peter Keen, its chief passenger manager, said: "Since the Government thinks this will be a fight, a fight they shall have."

British Rail has cut the cost of a family rail card. Pensioners with travel cards will be able to go on awayday tickets anywhere for £1 next month.

Private coach companies are aware that the opposition to the long established operators will be tough in the first six months. Gastonia Coaches, who will offer a round trip from Cranleigh to Aldwych, London for £3.25, compared with £5.70 for the present train and bus journey, admit that their passengers will have to get up earlier and be prepared to reach home later in return for lower fares.

because they cannot compete with the speed of public services.

The Automobile Association said yesterday that motorists planning to organize car-sharing schemes should first clear their plans with their insurance company.

Owners of 'News' to disclose pact terms

By David Felton

Labour Reporter

Newspaper employers have offered to make available for independent examination details of the merger agreement between the London Evening Standard and its rival, the Evening News, in an attempt to allay the suspicions of printing unions.

Several union leaders believe there are reasons for the closure of the Evening News, with the loss of nearly 1,800 jobs, other than the stated explanation of the need to reduce the losses of both newspapers. Associated Newspapers Group has offered to reveal details of the agreement to an agreed independent third party, probably a barrister, and the unions are expected to accept the offer this week.

Associated Newspapers, owner of the Evening News, and Telford House, which through Express Newspapers owns the Evening Standard, both have extensive property interests and there has been speculation in union circles that the prospect of future property development may have played a large part in the merger discussions.

Both groups deny that the talks covered anything other than the need to cut the losses of the two newspapers and said that closure of one publication was inevitable if the other was to survive.

Under the deal agreed last week, Associated Newspapers and Express Newspapers will each provide £2.5m in working capital for the new Evening Standard.

From the grass roots: A true blue view from Blackpool's Golden Mile Small businesses backing Mrs Thatcher

By Ian Bradley

When he made his welcoming speech to the Labour Party conference last week, Mr Daniel Collins, Conservative MP for Blackpool, said that he felt like a small business owner.

He himself has the appearance of being a small business owner, a man in a suit and tie, with a friendly smile. He is, however, a Conservative Party member, and a member of the Blackpool Conservative Party.

Blackpool has two main constituencies, the South and the North. The South constituency, which is the largest in the country, has 10 Conservative MPs. The North constituency, which is the smallest, has 10 Labour MPs.

The town is flanked by two even more true blue constituencies, North Fylde, where Mr Walter Clegg has a majority of 20,590, and South Fylde, where Mr Edward Gardner has the highest majority in England, Scotland and Wales, 32,247.

There are several obvious reasons for the strong Conservative support in the North-west. Mr Hanson thinks that it is because of the very high concentration of small businesses, most of them geared to the tourist trade.

Blackpool alone has 3,000 small businesses, and many of them are in the tourist trade. Mr Hanson said: "A rather positive way of saying that I make a lot of money out of my small business is that I have a lot of money in my pocket."

Blackpool's Golden Mile is a strip of land about 10 miles long, which is the heart of the town's tourist trade. It is a strip of land which is the heart of the town's tourist trade.

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Preventive role urged for family doctors

By Annabel Ferriman

Health Services Correspondent

An important report on preventive medicine, published last week, calls for a new role for family doctors in the implementation of its recommendations.

The report, drawn up by the Royal College of General Practitioners, will recommend that family doctors should carry out more preventive medicine, and that they should be given more control over their own practice.

It will be costly, but it is necessary, it says, to prevent the health service from being overwhelmed by the increasing number of people who are living longer and healthier lives.

The report suggests that family doctors should be given more control over their own practice, and that they should be given more control over their own practice.

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Mr Callaghan is under increasing pressure to delay departure

By George Clark

Political Correspondent

Mr James Callaghan came under increasing pressure at the weekend to stay on as leader of the Labour Party, as a result of the party's poor performance in the recent election.

Mr Callaghan said on Friday that it would not be proper to make his decision known until he had met the members of the Labour Party at its first meeting after the Commons recesses on October 27.

That may have been a convenient stalling device for Mr Callaghan, who in the previous 24 hours had received a deluge of criticism from many moderate Labour MPs to stay on until the chaos over the proposed new electoral college had been sorted out.

He probably wanted to see how things developed in the wake of what seems to have been a disastrous conference

from the point of view of most of the public.

The pleas to stay were supplemented yesterday by Mr Alexander Kilgus, deputy general secretary of the Transport and General Workers' Union, a left-winger, who confessed that he had not seen eye to eye with Mr Callaghan on many things.

"He is the man who can hold us together," he said when interviewed in the BBC programme. *The World This Week*.

"I appealed to him in front of the Labour Party staff on Friday to stay on. He has still a great job to do for the party, and I would hope he puts party before his personal convictions."

Union leaders, including Mr David Barnett, general secretary of the General and Municipal Workers' Union, Mr Clive Jenkins, of the Association of Scientific, Technical and Managerial Staffs, and Mr Mostyn Evans, of the Transport and General Workers' Union, are arranging to meet within a few weeks to see if a common approach can be reached on the composition of the proposed electoral college can be agreed.

Mr Kilgus said yesterday that the proposal that it should be made up of 40 per cent trade union representatives, 30 per cent from the PLP and 30 per cent from the constituency Labour parties had not proved

acceptable. The MPs wanted "a bit more power".

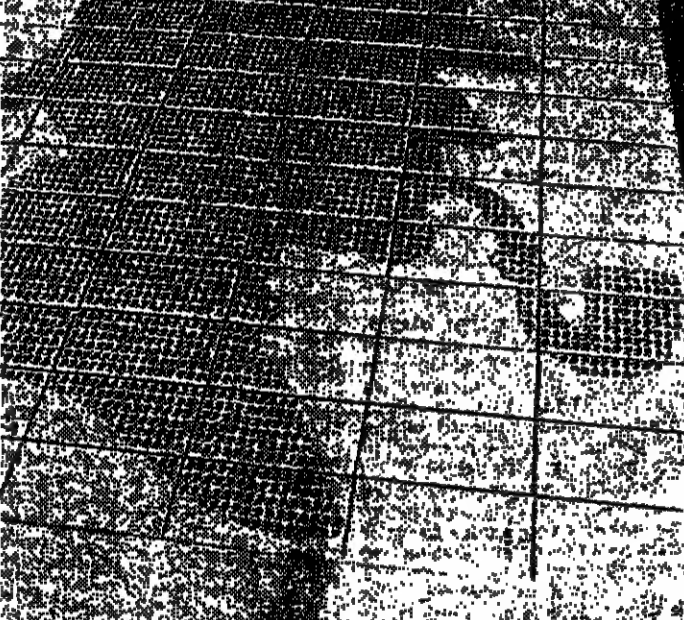
"I would not be against that," Mr Kilgus said, and it may be that would make it 40 per cent PLP, 30 per cent trade unions, and 30 per cent constituency Labour parties, and that may solve the problem.

He said that the party was accepting the principle that it should be more democratic and that the people who knocked on doors and did the work should have more say.

Mr John Silkin, MP for Lewisham, said on Saturday at Bannockburn: "We decided on the principle of constitutional change. It is the details that now need to be worked out. They must be acceptable to the majority of the party and to the people as a whole."

Dr David Owen, MP for Plymouth, Devonport, one of the right-wing "gangs of three" who are opposed to the party's adoption of a left-wing policy, renewed his attack on the idea of an electoral college which is not genuinely democratic when he spoke at Bannockburn on Saturday.

The fight for the "real Labour Party" would now move to Westminster, Dr Owen said. The PLP could not allow the choice of the country's Prime Minister to pass from Parliament to the caucus, to unrepresentative block votes, and to unrepresentative delegates.



Underground detective Miss Pamela Moreton putting the finishing touches to a ceramic tile profile of Sherlock Holmes that will adorn the Baker Street Underground station in London. The pattern on the tile is a small version of the larger silhouette. The tiles are made by a special process originated by Mr Michael Douglas and Miss Moreton.

Treasury reviews loophole in income tax law

By Our Financial Staff

The Government is likely to plug a loophole in the tax laws which has enabled some of Britain's wealthiest people to avoid paying substantial amounts of income tax.

A Treasury spokesman said yesterday that a loophole in the 1952 Income Tax Act, which enables individuals to avoid income tax on funds paid out by overseas trusts, was "under review".

The situation, reported by *The Sunday Times* yesterday, arises from a Law Lords ruling last November in favour of members of the Vestey shipping and trading family, who faced a substantial claim by the Inland Revenue for tax on income from trusts held in Uruguay.

The Law Lords overturned a 32-year-old ruling that anyone, not just the individual who sought to avoid tax, who benefited from such a trust should be liable to tax.

The complexity of the situation after the Law Lords' decision last year prevented a review of the loophole which might have led to blocking legislation in this year's Finance Act.

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"What we have done is to leave as much money as we can in the business. Everyone needs to be putting new capital back into business."

Without money to plough back, the company may have had to go public to raise funds, he said.

Treasury reviews loophole in income tax law

By Our Financial Staff

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Home Office to interview Czech skaters

By Richard Ford

Home Office officials are to interview today two leading Czechoslovak ice skaters who have asked to stay in Britain. Jiri Musil, aged 23, and Anna Musilova, aged 23, appeared with their country's team at the Soviet International Skating Event at Richmond, West London, last week.

They missed the flight from Heathrow airport to Prague which the rest of the Czechoslovak team caught on Saturday. The Home Office said that they called at a police station in London late on Friday.

In last year's European championships Musil and Musilova were not in the final. The Czechoslovak team was not in the final. The Czechoslovak team was not in the final.

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Councillor calls for 10% cut in public sector staff

By Our Local Government Correspondent

Staff in central and local government should be reduced by 500,000 or 10 per cent over the next four years as part of a campaign to cut public expenditure, a pamphlet published yesterday says.

That should be achieved by natural wastage, redeployment, backed up by retraining and voluntary redundancy. Compulsory redundancy should be used only as a last resort, the author, Mr Cyril Taylor, a Greater London councillor, says.

He claims that a reduction of this size will not increase unemployment, since many of the staff concerned are skilled, such as secretaries and clerical

workers, for whom there is substantial demand in private sector.

The pamphlet, published by the Conservative Party Centre and the Bow Group, designed for MPs and councillors to help in their campaign for public expenditure cuts.

Central government cuts for as much criticism as authorities, and Mr Taylor's suggestion is to let the Civil Service Department on the ground that it is a "black box" in the department whose job look after all the other departments.

Reducing Public Expenditure (Bow Group and Conservative Party Centre, 32 Smith St, London SW1 8BT, £1.10).

Tory conference to defend peers

Continued from page 1

organize strikes without the approval of a majority of their members in a secret ballot.

Mr Prior is expected to give some idea of the Government's approach on those issues when he addresses the party conference on Wednesday. Lord Thorneycroft, who was interviewed yesterday in the BBC radio programme, *The World This Week*, said the Cabinet was united on a policy of moderation and conciliation in industrial relations.

Conservative peers today will publish a reasoned argument for preserving the Lords.

Tomorrow, the Conservative conference opens with a debate on the House of Lords, giving a timely opportunity for speakers to comment on the Labour Party's plan for its abolition.

The motion states: "In the light of the specialist committee to 'abolish the House of Lords and the likelihood that a future left-wing government intent on perpetuating itself would establish a single-chamber Parliament as a step towards the creation of a unitary state, this conference urges that the composition and powers of the Upper House should be strengthened and firmly established as a safeguard."

The main debates at ministerial speakers at the conference will be: Tuesday morning: The Constitution (Mr St John-Stevens); transport (Mr Norman Fowler); education (Mr Geoffrey Howe); health (Mr Kenneth Robinson); agriculture (Mr Kenneth Robinson); industry (Mr Kenneth Robinson); foreign affairs (Mr Kenneth Robinson); defence (Mr Kenneth Robinson); science (Mr Kenneth Robinson); arts (Mr Kenneth Robinson); sport (Mr Kenneth Robinson); leisure (Mr Kenneth Robinson); social services (Mr Kenneth Robinson); housing (Mr Kenneth Robinson); environment (Mr Kenneth Robinson); energy (Mr Kenneth Robinson); transport (Mr Kenneth Robinson); education (Mr Kenneth Robinson); health (Mr Kenneth Robinson); agriculture (Mr Kenneth Robinson); industry (Mr Kenneth Robinson); foreign affairs (Mr Kenneth Robinson); defence (Mr Kenneth Robinson); science (Mr Kenneth Robinson); arts (Mr Kenneth Robinson); sport (Mr Kenneth Robinson); leisure (Mr Kenneth Robinson); social services (Mr Kenneth Robinson); housing (Mr Kenneth Robinson); 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juices suggests that consumption of apple juice is at present the most buoyant sector." The study has been completed, and, as researchers had shown that British customers wanted an "acidic" rather than a sweet juice, and West Germany was the best source:

1930 will touch more than double that of last year which from a commercial point of view was the worst that growers faced."

WEST EUROPE AND OVERSEAS

Madrid blast follows the killing of six policemen by terrorists

From Harry Debelius

Madrid, Oct 5

Extremists shot six policemen dead in northern Spain and a bomb at a Madrid airline office injured 12 people this weekend.

The bomb exploded last night, after normal business hours, causing considerable damage to the Alitalia offices on the ground floor and first floor of a building facing the Plaza de España in the centre of the city. The injured included a young man and a young woman who were in a pavement telephone box, an old woman who was selling cigarettes and nine passers-by. Only four people were seriously hurt.

An anonymous caller later telephoned the local bureau of Agence France Presse, the news agency, and claimed that the explosion was the work of the Armenian Secret Liberation Army.

The killings in the Basque country of three members of the National Police on Friday and three members of the paramilitary Civil Guard on Saturday brought the total of deaths from political violence in Spain during the week to nine.

In one of the few news conferences he has given in his more than 20 years as head of the Spanish Government, Señor Adolfo Suárez, the Prime Minister, said yesterday that the Government would never agree to negotiate with the Basque separatist organization ETA, which is responsible for most of the violence in the Basque region.

Last attempts under way to save Belgian coalition

From Michael Horvath

Brussels, Oct 5

Final attempts were being made here tonight to patch up the differences within Belgium's six-party coalition government which led Mr Wilfried Martens, the Prime Minister, to tender his resignation to King Baudouin yesterday.

The King said he wanted time to consider his reply, and this morning asked Mr Martens to make another effort to resolve the disagreements over economic policy, which led to the latest in a series of government crises.

The present coalition, consisting of Christian Democrats, Socialists and Liberals, all of whom are subdivided into separate French-speaking and Dutch-speaking wings, is the third Mr Martens has headed since early last year.

Mr Martens asked for an audience of the King after failing to secure Cabinet agreement on measures to cut social security spending by about £15m next year to reduce a budget deficit estimated this year at nearly £1,500m.

The Prime Minister's main difficulty was to reconcile the demands of the right-wing Liberals for further pruning of

unemployment benefits and the preference of the Socialists for higher social security contributions by employers. The unemployment in Belgium form 10 per cent of the workforce, the highest proportion in Europe.

Mr Herman De Croo, the Liberal Minister for Pensions and Social Security, recently said the Government was facing financial ruin and would be unable to continue pension payments beyond the end of next year without severe economies.

The Socialists have been angered by the Liberal insistence that defence spending should be spared the axe. They recently joined trade unionists to thwart a government plan to raise extra revenue by imposing a two per cent levy on the pensioners' contributions of public sector employees.

Belgium's parlous finances have been neglected by successive governments preoccupied by the perennial squabbling between the country's two linguistic communities. Government debt is now equivalent to more than half the gross national product and the country's balance of payments deficit is forecast to reach more than £3,000m this year.

In brief

BBC men tell of Zimbabwe abuse

Verbal abuse and threats of violence from the Zimbabwe police were claimed by the BBC television team which returned to London yesterday after their detention in Salisbury over a film interview with Mr Edward Fekere, Minister of Manpower, facing a murder charge.

Mr Michael Duffield, a Newsnight producer, said the police spoke of "leading the heavens in if we didn't do it the sensible way." He denied any breaking of the law.

Wall of silence

Bangkok, Oct 5.—United States officials visiting Vietnam to trace 2,500 American servicemen missing in action in the Vietnam war met with a "wall of silence" from local people, indignantly about Washington's present collusion with China, Hanoi radio said.

Judge killed

The Hague, Oct 5.—Mr Salah, a World Court judge, aged 52, was knocked down and killed by a tram in The Hague, a few hundred yards from the headquarters of the court, police said.

Food needed

Bangkok, Oct 5.—Kampuchea will need at least 200,000 tons of food aid from the rest of the world next year, according to international relief officials who have just returned to Bangkok from that country.

Tourist set free

Duderstadt, Oct 5.—A British tourist who wandered into East Germany has been released by communist officials and allowed to cross into West Berlin, border police said.

Macbeth for Paris

Paris, Oct 5.—The Old Vic production of Macbeth with Peter O'Toole is to be staged in Paris next May as part of the celebrations for the 300th anniversary of the Comédie Française.

Colombo blaze

Colombo, Oct 5.—The British-owned Grindlays Bank, jewellery shops, airline and travel offices were destroyed in Colombo's worst fire.

Princess seeks divorce

Paris, Oct 5.—Princess Caroline of Monaco has applied for a divorce from Prince Rainier. The couple, who have been separated for two months, married in June, 1978.

The Queen will find a nation greatly changed next week when she begins her first state visit for 20 years

Spectre of violence has come to haunt the street corners of Italy

The Queen begins a state visit to Italy on October 14, the first for 20 years. Peter Nicholls, our Rome correspondent, looks at the changes within Italy since her last visit. This is the first of a four-part series.

Time passes more quickly in Italy than elsewhere. Apart from this minor law of God, an absence of 20 years is still a long gap, enough for the Queen to see a great difference when she comes here next week for her first visit since May 1961.

She and the Duke of Edinburgh, who was with her, were greeted by a warm and friendly welcome. Italy was characterized by what now looks a simple, ingenious outlook of hope and optimism. Industrial expansion was beginning to make itself felt. The year before the last royal visit, Italy's increase in industrial output was the biggest recorded by any West European country.

The future looked assured, the skies were clear and no conscious, determined effort was necessary—as is the case now—to be confident.

The privations of war had receded. Attempts at rebuilding the country had been so successful that they stimulated an unprecedented economic expansion. The first act of political terrorism was eight years ahead.

The revolt of the students and the transformation of the unions into political weapons was a little nearer, but not much.

The benevolence of Pope John XXIII made the sun shine brighter on all the palaces of Rome which, as everyone knew, were built to church and rather than rain or cold.

Then politicians were capable of envisaging change. In 1961, Italy was facing the challenge of bringing the Socialist Party into government for the first time in its long and stormy career. The move was controversial, but it was also seen to have constructive elements.

The idea of moving the Government away from the centre towards the centre-left was seen to hold out the hope that the country would become politically strong enough to be able to introduce a series of great reforms which would take the pain away from the process of development. Expectations were great, and so were fears.

The Queen's first visit this time outside Rome will be to Genoa. Cardinal Siri, the formidable old Archbishop, still tells how as a boy he and other Roman Catholic children fought on the streets with Socialist children. Italy is a great place for labels, even where children

are concerned, and they are happy. That is why a Socialist alliance with Roman Catholics, then looked so daring, but also so convincing.

It is also worth bearing in mind that a matter of months before the centre-left came about, Genoa was the scene of riot against the idea of neo-fascist support for the national Government. The riots, which spread elsewhere, put an end to the idea, but right-wing extremists remain deadly as the rocket bomb explosion at Bologna railway station showed.

The comparison which comes to mind about the atmosphere here 20 years ago is with the exhilaration in Britain at the time of the coronation, when there was as much talk of a new Elizabethan age.

The Queen's last visit coincided with celebrations for the 20th anniversary of the end of the war. It was a time when the country was in a sense comparable with a coronation in a country which chose after the war to do without a monarchy and decided by referendum, on republican rule.

The Queen ended her visit in Turin, the old royal capital, where the main celebrations took place. She said she was leaving with "a store of glorious memories". In the

two cases of corruption and cabalistic of unity, even were to show that the future would be more difficult and more complicated than simple optimism had led people to believe.

The memories could hardly have been less than glorious. The Queen went to Venice in glorious spring weather, to Naples and to Florence. She experienced in Rome, she said, "the vigorous atmosphere of the capital of a prosperous democracy". In Florence, she was proud to be welcomed in the Piazza della Signoria. She saw around her the signs of a new rebirth in the home of the Renaissance.

Royal visits may no longer change political attitudes, but what is said, when they make public reflections something of the mood of the time.

In Venice, moreover, the Queen would have encountered the atmosphere which in more than one way helped a prime minister of Italian origins to shape modern British monarchy. The Disraeli family came from Cento, near Ferrara, but he himself was imbued with a dislike of the whiggery of the Venetian oligarchy and inspired by the Mediterranean idea of an imperial monarchy. And so

Italy became a different place. This time the Queen will not go to Venice or to Turin. The latter has probably changed almost in the last two decades. When she was there it was still essentially a northern city. It has now become the third largest southern city after Naples and Palermo because of the huge immigration of southerners who came during the years of prosperity, attracted by the name of Fiat.

The situation is not how Italy's immigrants Turin were made to absorb because they are needed in the factories, but how many more Fiat will be able to absorb by the end of the year because of the collapse of the car market.

Italians have changed greatly in 20 years. It would be a mistake to turn the contrast into a monotonous lament, as if everything that has happened was for the worse. But the period of apparently limitless prosperity is long over. The streets have been reddened by the work of the various terrorist groups. A first terrorist attack occurred at a Milan bank in December, 1969. Italians were surrounded and sought to convince themselves that the indiscriminate killing of innocent people was an

Italian that it must have organized outside the country. Even when Aldo Moro, most eminent Christian, was kidnapped in May 1978, it was claimed to have been ordered by snappers out to men who murdered his guards.

Yet investigators doubt that the crime was work of Italians who have now contributed to their own difficulties. Yet, for the time being, evidence of well-being, astonishes other Europeans have grown used to permanent crisis. There fact, several permanent means. One is that government and so at an average of more than a year of self-denigration such that the difficulty in recognizing the difference between genuine self and a form of wilful vision.

Another permanent fact is that the politicians remain the same. This is a term of personalities in terms of personalities. A partial part of fusion now threatening country's future.

Witchhunt starts in Polish party

Warsaw, Oct 5.—Mr Stefan Olisowski, a member of the Polish Politburo, today asked that all officials responsible for Poland's current crisis be excluded from the Communist Party's Central Committee.

Mr Olisowski was among speakers before a Central Committee crisis meeting that since its opening yesterday has heard a nearly uninterrupted stream of criticism and self-criticism by leading party functionaries, including Stanislaw Kania, the party's first secretary.

Mr Olisowski, a former Foreign Minister, is a key figure in the party because as well as sitting on the Politburo he is also a member of the party's secretariat.

When Mr Kania attacked corruption and inefficiency among certain party members, Mr Olisowski concentrated on high-handed decision-making "without regard to social consequences".

Mr Olisowski asked that the Central Committee debate the question of who was responsible for the current situation, "emotionally, but without insinuation".

The Central Committee is the organ in which in principle the main powers of the party are vested, and it is notably from there that members are appointed to the Politburo and the Secretariat.

Mr Olisowski was returned to the Politburo on October 1 after having been removed last spring under the rule of Mr Edward Gierek, the former party leader.

In a particularly sharp attack against Mr Gierek, Mr Jerzy Jurek, president of the Polish Writers Union and a former diplomat, said that for a decade the former First Secretary had spent his time presiding over "anniversary celebrations and official ceremonies".

General Wojciech Jaruzelski, the Defence Minister, spoke of the collective responsibility shared by the Politburo.

What happened in Poland, he said, was not the fault of socialism but the violation of its universal laws and contempt for the actual conditions of its development; our self-criticism," he added, "thus amounts to a kind of repentance for our sins." Agence France-Presse.

Leading Soviet politician dies in car accident

From Our Own Correspondent

Moscow, Oct 5

Mr Pyotr Maslennikov, a leading candidate member of the ruling Politburo and party secretary of the Republic of Byelorussia, was killed yesterday in a car accident, an official announcement said today.

Mr Maslennikov, aged 52, was considered one of the younger and more energetic of those waiting to be elected to the full Politburo. There was speculation that he might become Prime Minister of the Byelorussian republic in the ruling elite.

Mr Kirill Mazurek, a former full member of the Politburo, was officially retired two years ago.

Hoard of Greek coins found

From Our Correspondent

Athens, Oct 5

French archaeologists digging near the town of Gulmar, high to the Taurus Mountains, have discovered some 5,200 silver coins of the rich, Hellenistic hoard found in Turkey.

Professor Emmanuel Laroche, former director of the French Institute of Archaeology in Istanbul and a member of the Academy in Paris, discovered the hoard in the ruins of the Mevdatkale Kalesi site, where the hoard was found. He cracked open the hoard by Dr Alain Dervaux two weeks ago.

Mujahidin guns dominate the night in Kabul

From Kuldip Nayar

Delhi, Oct 5

Kabul, from which I have just returned, is uneasy but quiet. During the six days I stayed there the crackle of machine-guns and the rumble of heavy trucks were heard in the city every night. In daytime business was as usual.

Four days ago, the Indian Ambassador and his wife, living not far from the heart of the city, were caught in a crossfire between insurgents and Government troops in the middle of the night. A few days earlier, in the suburbs, was shaken by the explosion of an ammunition depot protected by Soviet tanks.

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Insurgent activity inside the city has increased since I was in Kabul last night months ago. It was still limited to a few exchanges here and there at night but the insurgents appeared bolder and more determined than before. They have their men in the police and the army who not only act as



Swiss riot police battling with young demonstrators in a Lausanne street over the weekend.

Youth protest spreads to two more Swiss cities

From Alan McGregor

Geneva, Oct 5

Young demonstrators clashed with police in Lausanne, and Bern this weekend leaving a trail of broken windows and damaged cars.

In Lausanne, demonstrators today occupied the Franciscan church after the morning service and put up a banner above the entrance proclaiming that the building was a branch of the "Autonomous Youth Centre" in the Limmatstrasse, closed last month by police.

However, they left few hours later after the church authorities had made clear their objections to the church becoming a theatre of confrontation and called the police.

The occupation of the church came after the clashes last night in which a plainclothes police inspector was thrown into the river Limmat amid shouts of "spy". Traffic in the city centre was disrupted for hours.

Although the protesters used paving stones as missiles against the police, anti-riot squads, no serious injuries were reported. However, a number of policemen and demonstrators were injured. Some 40 arrests were made in Zurich and a similar number in Lausanne.

Discussions on conditions for reopening the Limmatstrasse centre in Zurich opened one last week. Calls for the opening of a similar youth centre in Bern and Lausanne are still being officially considered.

In Lausanne yesterday, demonstrators far outnumbered the police and clashed with them in a series of violent encounters. A young man carrying a Lebanese passport, according to the police, appeared to have been working on a bomb.

Israel backs right of Jews to defend their lives

From Christopher Walker

Jerusalem, Oct 5

In a bitterly worded statement which accurately reflected the grim political mood, the Israeli Government today gave its implied backing to the formation of Jewish self-defence groups to counteract the new wave of neo-Nazi violence in France and elsewhere in Europe.

The statement, issued after an emergency Cabinet session devoted largely to the recent wave of antisemitic attacks in France, declared unequivocally: "There can be no return to the 1930s and 1940s. It is the right and duty of Jews to defend themselves, their lives and their dignity."

The Government went on to claim a direct—but unspecified—link between the right-wing terrorist groups now operating in France and what it described as the "Arab organization of murderers that calls itself the PLO."

The Government explained that no distinction could be made between what it called

anti-Semitism, anti-Zionism and antisemitism.

It was also decided that Israel will give a state funeral to Mrs Aliza Shagrir, a resident of Jerusalem, who was one of three people killed by Friday night's explosion outside a Paris synagogue. She was a popular and well-known Israeli film editor.

The sombre mood of the Israeli was further reinforced by news of this morning's bomb blast at a post office near Tel Aviv which killed three people and injured six more. Responsibility for planting the bomb was claimed by an Arab terrorist group from Damascus.

At the Cabinet meeting, it was understood that at least one minister advocated openly condemning the French Government for its treatment of the neo-Nazi threat, but the idea was rejected by the majority.

The recent Paris attacks came after a series of diplomatic exchanges between Israel and France on a number of subjects, the most recent being French support for Israel's nuclear programme.

Iraqi guns blaze for the benefit of TV cameras

Continued from page 1

In Tehran, President Bani-Sadr made it clear that Iran had no intention of giving way to this suddenly pacified urge. The Iranian shells falling inside Khomanshahr were proof that he meant what he said.

Indeed, the Iraqi clearly intended the world's press to report that their own troops were continuing the battle for their own territory, and invited us into the Iranian desert this morning and invited us to watch the artillery fire from the Iranian desert.

For more than an hour we sat in the desert as the Iraqi Army's 133mm Soviet-manufactured guns blazed away at unrelenting intervals. The cover of mud and smoke of the Iraqi tanks was visible in the distance.

It was a curious, almost haunting experience, for fierce wind was blowing across the desert, whirling the sand into our faces and smothering the big field-guns in a "kiss of white, smothering fog".

Every few minutes, a soldier would break open a box of Russian shells, kick the wooden casing away and splat a yard or so in front of him. Then, the television cameras rolled, a gunner pulled a cord and a streak of golden flame—only 30ft in length—shot from the barrel and the shell hissed off into the fog.

Fourteen more guns would echo, the first within a quarter of a mile, and for a few bright seconds, the grey sand would be lit up by this fire. The explosions stirred the sand, and the smoke and dust, then obscured the artillery, a vain attempt to hide the obvious advantage of the Iranian position.

The microphones and camera lenses added their own somewhat discordant effect to the serious business of war.

'Collaborators' executed

Tehran, Oct 5.—Eight people were executed yesterday in the province of Ilam after charges of collaborating with Iraqi forces, the newspaper Khameneh reported today.

Susanged, near the border with Iraq, was recently occupied for a day by the Iraqi. Those sentenced were said to have welcomed Iraqi troops.

On Friday, 15 others were executed in Susanged, on charges of treason and spying for Iraq.

An Iraqi bombing raid over Tehran this afternoon signalled the formal end of the unilateral ceasefire. What appeared to be a day by the Iraqi, though, was just one of the two runways at Mehrabad airport.

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Reagan air says cold war never ended

From Michael Leapman

Las Vegas, Oct 5

One of the truisms about this presidential campaign is that the effect of any Reagan administration will depend on the way the people's 70-year-old master film star chooses his advisers.

Among those who make point is Senator Paul Laxalt, Nevada, a hard-line conservative, and a friend of Ronald Reagan, and chair of his election campaign. Likely to be one of Mr Reagan's trusted confidants, he has made the speech for nominating the candidate.

The Nevada Senator, 58, is running for reelection year and is almost certain to be caught up with his campaign in the Nevada caucuses, a shabby pre-dawn working class community contrast to the glittering resort of Las Vegas.

Mr Laxalt was governor of Nevada. Mr Reagan was governor of California. He was chairman of Reagan's narrowly unsuccessful campaign to win the Republican nomination in 1976, and year after the Democrats made the speech for nominating the candidate.

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BUSINESS EFFICIENCY



Gerry Greaves

The world market for information technology products is about £50,000m a year, and rising about 10 per cent annually. This indicates the great scope for new technology in the office, according to a report "Information Technology" published last month by the Government's Advisory Council for Applied Research and Development (Acad).

The report also recommends that a single minister and government department should have responsibility for coordinating national policies on information technology, which includes computing, telecommunications, and information handling. Such responsibility is split at present among several government departments and other public bodies, and Acad says that a single focus is needed to ensure that the subject is given adequate attention and that its development is not inhibited through conflicting policies.

According to Acad, "the country's future trading performance will depend greatly on its ability to compete in world markets for products and services based on information technology and on the rapid and effective application of such products

technology and its applications: education and training; sponsorship of industry; provision of risk capital; public purchasing; development; national and international regulations and standards; legislation; communications and related programmes such as satellite technology.

Many of the companies sampled considered that these government policies and actions were often conflicting, and confusing, and said that they dampened their enthusiasm for office technology. The Government is preparing to make the sort of changes called for in the Acad report. In the Department of Industry's Information Technology Division has been expanded to include office systems, and has been given responsibility for policy formulation on information technology.

The lack of guidelines available to industry on hardware standards was also complained of by the companies sampled. There is no equivalent of the British Standards Institute in the hardware market.

to this they would delay the introduction of office technology until the market had become less confused.

The majority of the sample had no procurement policy for microtechnology, and had little information about introducing such a strategy. This result in some companies, especially in the City, has been a "sprinkling of video display units—whether attached to computers or as part of word processing systems—and these screens have appeared piecemeal in various parts of organisations.

This piecemeal approach is referred to in a report prepared jointly by the Computer Services Agency (CSA) and the Department of Industry—Text Processing Office Automation Project (October 1980). The main part of this joint study has been to identify the business needs in a cross-section of 10 companies in order to develop technology to satisfy these needs. The companies concerned were Abbey Life Assurance Company, British Institute of Management, BL, Citibank UK, Knight Frank & Rutley, Metal Box, Paymaster General's Office, Royal London Mutual Insurance Society, Dalgely Spillers, Thames Water Authority.

Several of the executives said they were unaware what office technology could do for them, and without simple and straightforward answers

The project confirmed that the growth of microelectronics in the office was piecemeal and that most companies had not given enough thought to long-term integration of systems, nor equated this with short-term investment costs.

Such a piecemeal approach, the report suggests, does not allow companies to reap the real benefits of office technology. Companies should develop an overall technology plan, then set out to achieve it stage by stage.

None of the plans put forward by the CSA/Dol studies represented a capital expenditure of more than £750 per office employee; therefore the excuses used by many companies that high capital costs are a deterrent to the growth of office technology seem to be a damp squib. A general conclusion in the report was that a random grouping of suppliers would be difficult to organise later in linked systems, and a clear purchasing policy was essential for a company if it were to reap the full benefits of microtechnology. Few companies had such a clearly defined policy.

The CSA/Dol joint approach is an attempt to achieve some overall experience in the United Kingdom, and does allow liaison among users, manufacturers and software houses. This is essential if companies are to appreciate the potential of technology.

The companies in the sample were also concerned about welfare and employment prospects. The piecemeal approach was considered partly responsible for this, in that the random acquisition of hardware by a company caused an increasing anxiety about possible job redundancies, work reorganisation and health hazards.

Most companies, therefore, felt they had to proceed with caution when considering the introduction of office technology, especially as there were few consistent guidelines to go on when reviewing the long-term employment implications. They felt that it was proving too difficult to produce a firm corporate policy on the introduction of new technology.

The employment issue is crucial, both at national and local levels and many employers feel this is a major reason why the United Kingdom is slower than most of its competitors in

exploiting the new technology.

The Department of Employment's Manpower Study Group visited Japan to discover how the Japanese managed to be in the forefront of using new technology without eliciting fears about unemployment.

The conclusions in the study group's report—*New technology—the Japanese approach 1979*—listed the essential prerequisites for adaptation in Japan as: the lifetime employment guarantee given by Japanese companies to their employees; the willingness of companies to diversify and expand output in order to honour those guarantees; a company union structure in which a significant feature is a generally high standard of initial education, supplemented by company training, making for a highly flexible and adaptable labour force.

The 1979 report by the Trades Union Congress, *Employment and Technology*, puts forward a suggestion which is already standard practice in Japan. It suggests that important innovations within an organisation should be the subject of agreements between management and employee representatives.

The job-destroying potential of new technology has been a subject of great concern to all trade unions. Technology agreements, as envisaged by the TUC, would involve early and comprehensive consultation with all concerned, and full access to information by unions. Without this, the introduction of new technology will be hindered.

This was endorsed by Mr James Prior, Secretary of State for Employment, when he addressed an Industrial Society conference last month. He said employers had to take the initiative to involve their employees much more in their work organisation, and that comprehensive information had to be provided before major decisions were made. It was "important to develop a sense of common purpose" if we were to survive, and "this cannot occur without employee involvement".

He added that this would require a great deal of investment of trust, time and information from management—especially junior managers—but that there was no alternative. "Some managers may see wider challenge to their traditional authority. But in

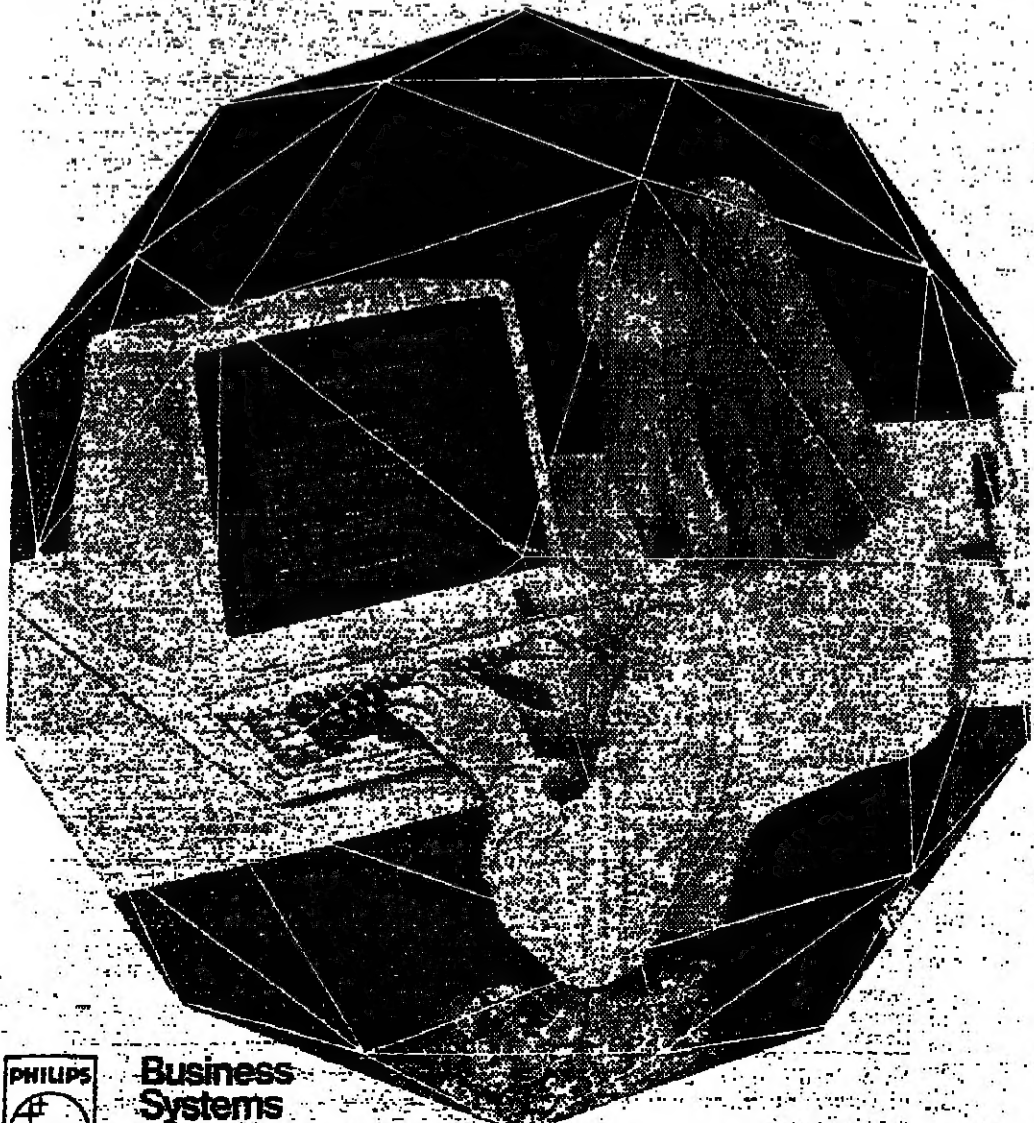
reality there is no such challenge. . . . For a manager to imagine in this day and age that he can get what he wants by ordering people about, without any explanations, is simply unrealistic."

Yet this, according to some trade unionists, is exactly what happens when companies decide to start using new technology, and such an authoritarian approach is preventing the potential of office technology from being developed. According to Mr Barrie Sherman of the white-collar trade union ASTMS, he may have to become an "unwelcome Luddite" when discussing the introduction of office technology, unless a larger number of technology agreements are reached and managements change their attitudes.

The potential for new technology in British offices appears to rest as much on industrial relations as it does on the ability of the manufacturers to provide hardware and software tailored to solving problems.

Lynda King Taylor
managing director,
LKT Manpower Services

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David Felton reports on the position of the unions in the office technology revolution and Nicholas Cole discusses the importance of employees' perks

White collars in the front line

The surge in unemployment has acted both as a restraining influence and as a spur to white collar unions, who see themselves as being in the front line of the office technology revolution.

Union negotiators are reluctant to enter into new technology agreements with companies at the end result of which they fear, could mean the loss of jobs. On the other hand they recognize the need for discussions on the introduction of new working methods at the earliest possible time.

It is estimated that about one third of the working population, or eight million people, are engaged in some kind of office work and the technological developments of the past few years have made it imperative that the unions should come to grips with the problem.

Union leaders are now trying to solve this dilemma which was highlighted by the recent decision of some white collar unions, notably the Association of Professional, Executive, Clerical and Computer Staff (Apeps), to block the signing of new technology agreements in the engineering industry because of a dispute with employers about a reduction in working hours to maintain their differential over manual workers.

Despite this hiatus, Apeps and several other unions have concluded a number of procedural agreements on the introduction of new technology, particularly in the engineering and finance sectors.

A new impetus to a speedy introduction of new technology came recently when the TUC and CBI reached a joint understanding on the principles to be followed when negotiations start at company level.

The final statement was produced only after much "horse trading" between the two organizations and represents a major step forward, not only on the immediate question of modernizing British industry but also as an example of how the CBI and TUC can reach agreement on at least one fundamental issue.

The statement, presented to the annual Trades Union Congress at Brighton last month, is being examined by CBI member companies, who are thought to be hesitant about accepting such a wide-ranging guide.

It embodies many union demands covering conditions which they say have to be met before technology agreements can be signed. There should be full consultation with unions and employees before new machinery is installed, the statement says.

In a phrase dear to the hearts of union leaders it says: "Changes are also more easily carried out in an environment of rapid economic and employment growth and low inflation".

It is significant that the joint study was set up in January at a meeting of the National Economic Development Council, which was chaired by Mrs Margaret Thatcher, and indicates the high priority the Government attaches to getting technological change introduced as quickly as possible.

The statement recognizes that "forced redundancies should be avoided wherever possible" but Apeps, which in recent years has tended to lead the trade union movement in terms of research and agreements with companies, has gone further in some agreements.

One such agreement, covering "white collar" workers at T. Acland and Pollock, reads: "There will be no redundancy as a direct result of the introduction of the (new) system".

Some companies would be reluctant to sign such a tight clause, but Apeps is seeking wide procedural agreements before starting detailed negotiations on the introduction of specific systems.

The main thrust of the agreement is preservation of employment, although in detailed negotiations the union presses for additional payments for staff operating new machinery, which have so far been between £3 and £5 a week, and are usually linked to productivity improvements.

Our main agreement, signed by the union covers about 7,000 white collar workers at the Lucas Group and has led to a complete network of research

activity, and cooperation with other unions, being established within the company.

Surprisingly, in view of the importance of the subject, there is no coordinated union machinery for research into the implications of new technologies. The TUC employment and technology committee meets regularly but this usually provides only a forum for unions to exchange information and experiences rather than "imposing original research, which is being left to the 'front line' unions."

Private industry appears to be taking a much stronger lead in negotiating new technology agreements, with electronics supply being the major nationalized industry which has so far come to grips with the problem. A section of last year's pay agreements was devoted to a code of practice on automated and new equipment, which was considered by the unions, among which the National and Local Government Officers' Association (NALGO) is predominant, to be a stop-gap measure in the face of rapid technological change in the industry.

There are continuing with some urgency with public industries such as the National Coal Board, British Steel, and British Shipbuilders.

Unions are beginning to collect the "feedback" they are receiving from members who have experience of operating new technologies and many complain about the lack of job satisfaction.

A Rolls-Royce office worker, whose job included monitoring production line performance, said that before computers were installed she had daily contact with the shopfloor. But now, she told her union, she had a feeling of isolation with the computers removing the need for human contact.

Such problems as job satisfaction, feelings of isolation, effects on health, and safety implications are all issues which the union movement say should be considered in technology negotiations. But with the recession, despairing they are unlikely to be eager to make any major initiatives which could lead to loss of jobs.

The Inbucan annual survey of executive salaries and fringe benefits, due out this month, will confirm not only the continuing upward trend in average remuneration levels (a 7.7 per cent net increase in the four-year period to July, 1979, resulting largely from the 1979 tax concessions) but also the sustained provision of employee benefits as an integral part of the total "reward package".

There has been an especially marked increase in the extent of company cars and group medical insurance, says Mr Nigel Bryant, head of Inbucan's salary research unit. Overall, these findings bear out the indicators contained in a 1978 British Institute of Management report of additions and improvements planned by almost half the firms surveyed.

This report, *Employee Benefits*, found that since 1973 48 per cent of companies had made reportedly "major additions/improvements" to benefit provisions, the changes mainly covering pensions, holiday entitlements, sick pay, medical insurance and company cars.

Improvements included the introduction of flexible working hours, reductions in the qualifying periods for long-service awards and holidays, and extensions to notice periods and retirement benefits. There was also considerable reduction in benefit differentials between staff and manual employees, and progress towards a "unified perk package".

However, entitlements varied widely from firm to firm, and between employee categories. This is still true, with managers as the main beneficiaries and larger companies providing more benefits to most employee categories than smaller companies.

Through the wish to protect living standards, and

Marked rise in the fringe benefit



The Rank-Xerox 9500 high-volume duplicator.

the mounting emphasis on tax-free or tax-efficient benefits, retirement pensions have become a major growth area, to the point where they are virtually "institutional", regarded by employees as an entitlement rather than a fringe benefit.

Surveys show that about 98 per cent of firms operate pension schemes, more than 70 per cent of them applicable to all employees. Most schemes are compulsory, contributory and with payments based on final salary.

While the majority also incorporate lump-sum death benefits and widows' pen-

sions, few are index-linked; and although pensions are now frozen on transfer, not all build up to provide the "two thirds of final salary" benefits expected by many executives; hence the spread of "top hat" pensions.

As the steady growth of organizations such as BUPA, PPF and Western Provident demonstrates, free or discount-rate medical insurance covering private health care is another highly important security measure, still with much mileage potential.

The most-coveted benefit of all remains the company car bought or leased, and the executive search continues at no expense to the employee, who incurs only marginal increases in personal taxation. The growing achievement

allocation of business cars is among the principal in Britain for motivation and reward purposes as in North America, where higher personal incomes after taxation allow greater discretionary spending on company welfare policies.

"Cafeteria" compensation, which enables people to choose the mix of pay and benefits best suited to their own circumstances, has failed to take off in Britain because of the administrative complexity involved, coupled with unfavourable tax law and interpretation by the Inland Revenue and paternalistic fears of "employee irresponsibility".

Consequently, the basic made for job satisfaction; pattern of benefits does not money is just the excuse.

alter, but their value to employees increases continually. They prove equally invaluable as an aid to staff recruitment and retention.

From the employer's point of view, however, their provision is today so expensive—constituting more than 30 per cent of payroll costs in larger companies, and adding an extra 40 per cent to some senior salary costs—that assessments of value will in future be far more rigorous before any new benefits are adopted.

Ton often corporate generosity has forged a "golden chain" which turns high-fliers into hored and ineffective pensioners. At this level, moves tend to be made for job satisfaction; money is just the excuse.

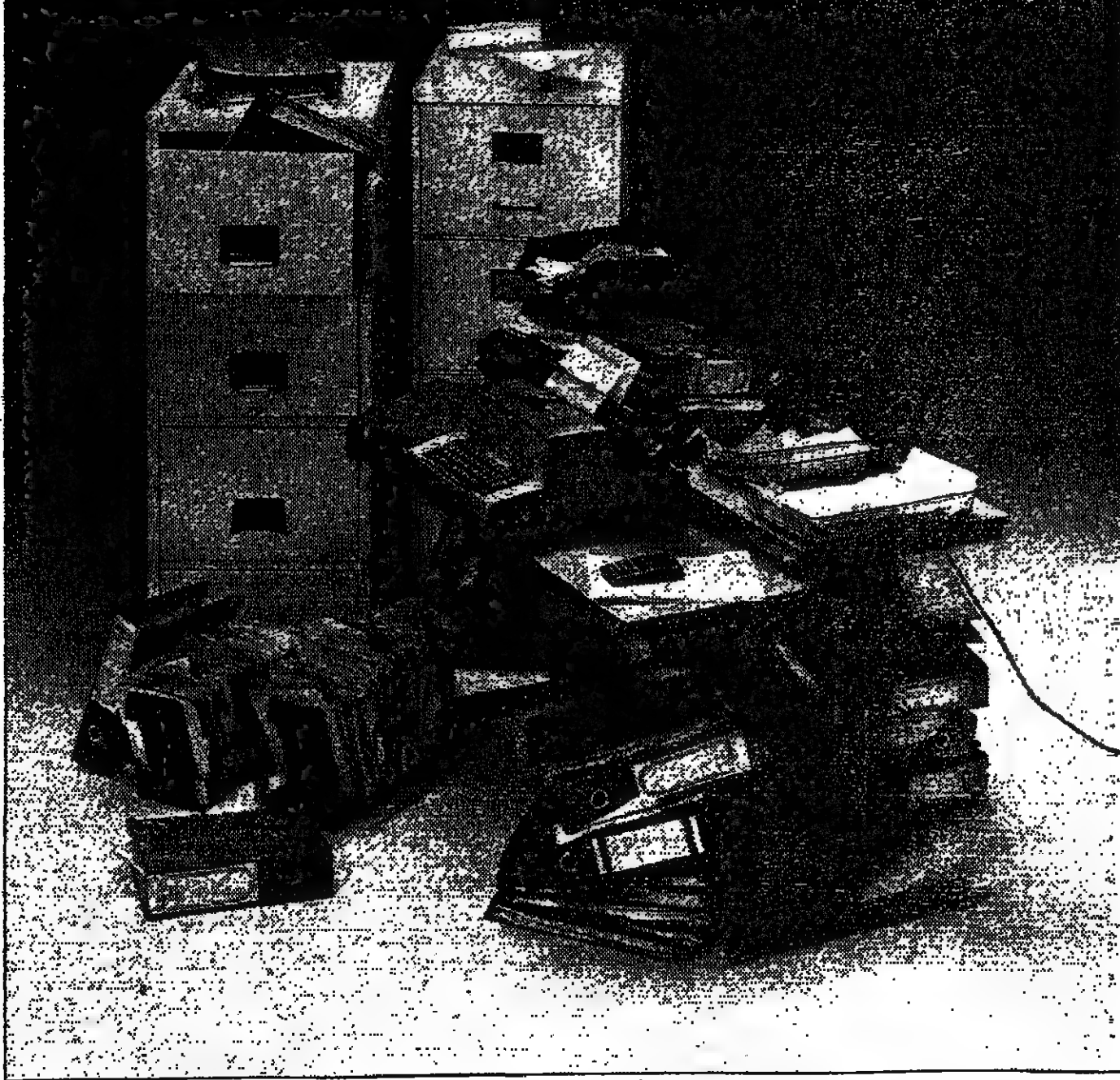
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ballpark estimate. Mayt
minutes, maybe the next da,
who knows?

Since we were returning t
New York the next day we ha
to take the passenger ferry bac
to break the news to Avis the
than shrugged. "It sometime
happens," he sighed.

We had, as you may hav
gathered from my last thr
Monday columns, a smashing
Monday. Without wishing spec
ally, I can wonder: the "happi
industry of the country wh
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the growing numbers of Brj
tourists heading out to Miam
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there the same farther sou
and try the "great

It is a warm and soft country
the extra air fare has to be
off against air substantially low
prices once you are there. W
will certainly return, no
American but not, I hope, bef
too long.

Michael Lempner

The bombing of the Rue hundred, it is cause for con- than d

THE GREEK-TURKISH AGENDA

The military regime which took power in Turkey just over three years ago, in 1974, Turkey demanded its share of control. The issue was to some

dangerous nonsense of paralysing and Euro

for debate welcoming government action in building up the United Kingdom's defence and amphibious

There were not simply moments but remarkable hours of wild fun during

events from Monday to Wednesday. For on Monday, Mr. Wedgwood

Much sport may be made out of such non-differ absurdities, and no at the main point when he said that 43 per cent of United Kingdom ex-

the 1990s, the number of people in the world who are illiterate has increased from 1.2 billion to 1.5 billion. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015.

The lay leader of the group, expressed his views, saying: "I am not a synagogue bombing: it is just the Jews, but in France which is at the risk in the West is not at risk, the response is not a simple answer."

the police and security must provide effective and efficient legal aid to the malefactors. This is being urged on the authorities by Jewish leaders during recent months, in response, hitherto as condemned as the "nationalist". It is to the President's regard that the promise of a police investigation is forcefully implemented.

inactivity due to an outdated unrealistic commitment does harm

realized the need to update this creaking machine by revamping the non-domestic sector. Moreover, for

ing for a realistic basis and at the approach to assessment of domestic.

an Commission statistics. water, but rather that it will perik reported on Dr I research into stude

today is West Germany, countries of the eight: small Duchy of Luxem-

the figure rises to 91 if you like, the motor

it is not enough for Mr
the Labour Conference,

Third World

while it only contributes to consolidate the "bourgeoisie".

From Mr G. W. Hoon
Sir, It is quite misleading for your

believe, as we
of defeating

Conference reporting

Surviving ice houses

...year's conference rather than next
year's, when the case for withdrawal

ts Right now students are streaming through the school gates and

Aircraft to kill tanks
From Mr Grahame Leman

Developed tactics of this kind could be expected to have the

the idea and hope that Dr Rhodes Boyson will do so too, and include Sir, Mr John Aspinall's opinion in his letter published today.

Yours faithfully,

The mechanism of what is traditionally termed "possession"—

background about this mechanism than do most psychiatrists and Christian

\$ Forward bargains are permitted on two previous days.

(Current market price multiplied by the number of shares in issue for the stock quoted)

* Ex-dividend, * Ex all, * Forecast dividend, * Corrected price, * Interim payment passed, * Price at suspension, Dividend and yield exclude a special dividend, * Bid for company, * Pre-merger figures, * Forecast earnings, * Capital distribution, * Ex rights, * Ex vrn or share split, Tax free, * Prices adjusted for late dealings. * * * significant data.



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Dollar	
Index 83.4	DML 8105
Gold	
\$663.50	
Money	
3-month sterling 153.154	3-month Euro 134.134
3-month Euro 134.134	Friday's close

UK domestic

appliance makers face crisis

Britain's ailing white goods industry is on an irreversible course to disaster, according to Mr. Umberto Mazza, president of Zanussi, the Italian producer which has captured around 35 per cent of the United Kingdom domestic appliance market, less than a decade. With 15 per cent overcapacity in Europe, rationalization was unavoidable and Zanussi, with the oldest and most efficient plants, had to be the prime victim.

Mr. Mazza said that he would resist pressure for his group to take over the ailing industry group. British producers fear that, unless a rescue deal is arranged, liquidation might be the only alternative for the industry. This might lead to the sudden release of a stockpile of appliances, rumoured to be worth over £60m, on to European markets, particularly Britain.

Hunterston threat

A vote among the 900 workers on strike at the Hunterston construction yard at Hunterston, Ayrshire, has been inconclusive. There was a narrow majority in favour of a return to work but the boiler-makers, who are at the centre of the dispute, have refused. It now seems likely that Phillips Petroleum and Chicago Bridge and Iron will pull out of their £60m project.

Saudi production

Sheikh Ahmed Zaki Yamani, Saudi Arabia's oil minister, has confirmed that his country will raise oil production to help offset the loss of exports from Iran and Iraq. But he said the amount of the increase would depend on how badly the world oil market was affected.

Last lap for MGB

It is the end of production of the MGB sports car on October 24 and on the same day 650 workers at the Abingdon factory, near Oxford, will be made redundant. A further 50 employees will lose their jobs when work on the final batch of cars is completed.

Lawyers in industry

Lawyers working in industry have had their salaries increased by 4.65 per cent this year. The average salary, including extras, is £15,842 according to a survey published by Chambers & Partners.

Beer rise protests

British Breweries have been flooded with calls from licensees, managers and customers telling them that putting up prices is not the way to deal with falling sales. In the last two months most major breweries have raised prices by as much as 5p a pint. Consumption has dropped by about 14 per cent over the same period.

House price forecast

House prices could rise by 25 to 30 per cent next spring and the first signs of an upturn in the economy will "set the ball rolling", says the National Network of Estate Agents. Houses, it reckons, are better investments than gold, silver, stocks or shares.

£1m energy saved

Ford of Britain's manufacturing and assembly plants have achieved savings in energy worth £1m in the last 12 months after the establishment of plant energy conservation committees. The company's Dagenham plant alone achieved savings worth £500,000.

US car sales

Domestic sales for the three large American manufacturers—General Motors, Ford and Chrysler—dropped by nearly 20 per cent in September compared with the same month last year.

BSC threatens steel price war unless production cuts are agreed

From Peter Hall, Industrial Editor, *Monday, Oct 6*

Plans for a major assault on the European steel market involving aggressive price cutting have been drawn up by the British Steel Corporation. The strategy could cost the beleaguered corporation an estimated £100m, but represents a calculated gamble in a bid to restore order to Europe's crisis-ridden steel industry.

Mr Ian MacGregor, BSC chairman, has given notice to his European competitors and to Volkswagen, Daimler-Benz, EEC Industry Commissioner, that the price cutting plan will be implemented at the end of this month unless the steel industry agrees to cut production.

BSC is losing an estimated £20m a week, and 10 days ago received a £400m cash injection from the Government, lifting its total funding this year to nearly £1,000m. The corporation has identified key markets for its attack.

Mr MacGregor is angered by the disarray in Europe and worried by the surge in steel imports to Britain—up to £1,100m in the first eight months of this year against £700m in the same period last year. He is aiming to attack Europe's market for hot-rolled coil, the so-called "strip mill" product which accounts for about 40 per cent of total EEC steel production, and is the most affected by price cutting.

Widely used in industry, the motor industry is a major customer for foreign-produced coil being sold in the United Kingdom at around £120 a tonne, well below the price of £150-£160 a tonne on the London market.

Mr MacGregor, who is in Madrid for the International Iron and Steel Institute annual conference, said today: "You don't see anything today, but you will see something tomorrow. The initiative in the Council of Ministers meeting."

TUC to reject pay dialogue with Government

By Patricia Tisdall and David Felton

Trade union leaders will reject attempts by the Government to open pay discussions at today's meeting of the National Economic Development Council. It is also unlikely that the TUC's meeting on Friday with Mrs Margaret Thatcher will pave the way for union participation in an economic forum with the Government and the Confederation of British Industry.

It is understood that Sir Geoffrey Howe, Chancellor of the Exchequer, will submit a paper on pay to the NEDC meeting. It differs only marginally from the one which the TUC refused to discuss at the last meeting in August.

The Chancellor's paper is one

of three submitted to the meeting under a general macro-economic discussion heading. It deals in broad terms with earnings and the consequences of high pay settlements on prices, unemployment and unit-labour costs. There is, however, a covering note dealing with other factors and this is thought to refer to the effects of the world recession, monetary restraint and structural decline are having on the British economy.

Despite this attempt to mollify the six TUC representatives on the NEDC, union leaders are in no mood to open a discussion with the Government on possible wage restraint at a time of over-increasing unemployment and refusal by ministers

to countenance changes in their economic policy.

The TUC representatives intend to limit their remarks to an attack on the Government's policies. Mr David Bassett, chairman of the TUC's influential economic committee, said last night: "I think we will say a few things to each other and that will be it."

Mr Bassett, general secretary of the General and Municipal Workers Union, said: "I don't know of any basis for discussion with the Government. Quite the contrary, they have rebuffed all opportunities of talks with their adherence to their economic policy."

He expected TUC leaders to tell out what they consider the reasons for the present 'home depression'—strict

monetary control, a high exchange rate for the pound and cuts in public expenditure.

"You can't talk about pay in isolation and certainly you can't talk about it with a Government which refuses to discuss the changes which we believe are necessary," he said.

At today's meeting the first item to be discussed is again the impact of North Sea oil. Mr Geoffrey Chandler, the director general of the National Economic Office, is to open the discussion with a paper examining whether the existence of oil revenues should cause changes to be made in the Government's policies.

The third paper due to be submitted to the meeting comes from the CBI and deals with company profitability.



Mr David Bassett: no basis for discussions.

Tories plan North Sea bonds offer for public

By Nicholas Hirst, Energy Correspondent

Mr David Howell, Secretary of State for Energy, is to announce at the Conservative Party Conference this week plans to issue a new type of investment which will enable the public to buy an interest in revenues from the North Sea.

The bonds, probably to be known as reserve interest stocks, will be offered in the British National Oil Corporation in amounts sufficiently small to attract the widest possible participation.

But they will not amount to an equity holding in the state-owned corporation. After months of study, the Government has been forced to concede that it is not possible at present to sell shares in the corporation because of technical difficulties.

Mr Howell had originally wanted to offer at least 25 per cent of the North Sea assets of the corporation for sale to the public, possibly increasing this to a majority stake at a later date.

He hopes that it may be possible to arrange a sale of equity in the corporation have not been dropped altogether. The Ministry



Mr David Howell: plans for public stake in North Sea.

ter's statement this week will leave the possibility that shares may be offered in the future, although few believe it will happen.

Conservative backbenchers are unlikely to be happy with the announcement. A significant number believe that BNOC should, as far as possible, be turned to private ownership and will be disappointed at what in their eyes is a second-best solution.

The Government, however, believes that BNOC is reliable to obtain security of supply of oil. It has the right to buy 51 per cent of all oil produced offshore.

The limited offer of bonds linked to profit is in reality a form of loan certificate for pensioners.

Brokers forecast tax increases in tough Budget next spring

By John Whitmore, Financial Correspondent

The Government may have to introduce a tough Budget next spring, raising income tax and taking up to £3,000m out of the economy, according to stockbroker James Capel.

The broker's firm, which has fed its assumptions on the economy into the Treasury's forecasting model, predicts that the public sector borrowing requirement could reach £11,000m in this financial year and £12,000m in 1981-82.

The latter figure, it says, would require that the Chancellor takes some £3,000m out of the economy if he is to pursue policies consistent with the Government's medium-term strategy.

In fact, Capel reckons that it would be difficult for the Chancellor to take more than £3,000m out of the economy by way of tax increases and further public spending cuts. In that case, the prospect would be for only a relatively slow fall in interest rates over the medium term.

Another firm, Phillips & Drew, forecasts that the annual rate of monetary growth will probably remain above 15 per cent to the end of 1980, easing back to slightly under 15 per cent by next April. It predicts that the Government will stick to its present 7 to 11 per cent monetary growth target, but raise this February's "base" to

a level that effectively allows monetary growth to be 5 to 6 per cent higher than originally intended.

The broker's firm suggests that the Government is faced with its present problems because of the incompatibility of policy objectives. It argues that the demand for money was bound to rise sharply after the decision to raise VAT and retain the Clegg Commission.

Had the Government attempted to implement the 7 to 11 per cent target rigidly, the result would have been a still larger number of bankruptcies and redundancies.

Phillips & Drew goes on to suggest that, since monetary policy has not acted through a squeeze on the real money supply, it has had its deflationary impact by the way in which high nominal interest rates have lifted the exchange rate and squeezed corporate liquidity.

Monetary control: intense Treasury and Bank of England work to produce final options for improving monetary control techniques will continue over the rest of this month.

Although Treasury officials deny that Downing Street has left them only three weeks to come up with an acceptable plan, the Prime Minister is known to be keen for some early decision.

The Government is obviously extremely anxious to rebuild confidence in its monetary policy, and particularly to make it clear that it has the instruments to make the policy effective. It may well feel that it needs to say something firm on the future of monetary control methods when it announces its new monetary targets in mid-November.

Professor Alan Walters, who is due to become the Prime Minister's personal economic adviser in the new year, has made it clear that he has an open mind about methods of monetary control. He has suggested that the important thing is to make sure that, whichever method is chosen, the mechanism is made to work.

At the heart of the present debate is the issue of how interest rates should be determined—by the markets or by ministers and officials. Many hard-line monetarists suggest that the authorities should concentrate solely on regulating the size of the banking system's cash holdings, leaving the market to determine the appropriate level of interest rates needed to achieve this objective.

Mrs Thatcher is thought to have considerable sympathy with this idea. But many in the City find this paradoxical when it appeared to be largely government resistance that prevented interest rates going still higher earlier this year.

Furniture dumping protest to EEC

By Derek Harris, Commercial Editor

Britain's £2,000m-a-year furniture industry, faced with rising imports and a declining home market, is to take an anti-dumping case against East German manufacturers to the European Commission.

The British Furniture Manufacturers' Federation Association sees the case as urgent because of the steep rise in East German imports in the first seven months of this year. There was a 62 per cent increase, compared with the same period last year.

Total imports now account for 19 per cent of the British market, compared with 17 per cent last year, and the Furniture Industry Research Association has forecast imports at 21 per cent by the end of the year.

The BFMA has prepared its case for Brussels by filing costs of some dining furniture but a wide range of East German furniture is being landed in Britain, it is claimed, at less than the cost of production.

The BFMA wants to achieve what it regards as fair price competition between by agreement with the East Germans or if necessary by the imposition of countervailing duties. A restriction in the volume of imports is not being sought.

So far it has not been possible to put together an anti-dumping case against Taiwan furniture imports, which are also a growing source of anxiety to British manufacturers. But Taiwan imports, which now make up the whole range of hard furniture, are being carefully monitored.

An increasing amount of cut-price imports could be the last straw for some of Britain's 1,200 furniture manufacturers. Plummeting shop sales have caused increasing short-time working and redundancies in the industry.

Deliveries to the shops have declined increasingly this year because of heavy overstocking by retailers. In July, deliveries were down 20 per cent on the same month last year, according to the research association.

British Shipbuilders to unveil group's strategy for revival

By Our Industrial Editor

Senior executives of British Shipbuilders will be given a taste of the corporation's revival plans at a seminar in Newcastle upon Tyne tomorrow.

Mr Robert Atkinson, the chairman and chief executive of BS, will outline the changes in the state corporation's management and organisational structure, which will form the basic framework of the plan.

His presentation to the industry's senior managers, is set against the background of the Government's expected approval to advance further funds to BS in the current financial year to meet the corporation's estimated £60m overshoot on its £120m external financing limit this year.

The extra cash aid would be provided from the Government's Contingencies Fund in

IMF may have to tackle £4,500m debt mountain

Brazil, banking's best customer

Bankers are divided over whether or not Brazil will be too big to fail in 1981. Even after cutting its foreign exchange reserves, the Brazilian external financing need will be at least \$10,700 (£5,410m).

The IMF, however, the more every day commercial bankers are becoming. Brazil already owes the banks around \$55,000m. Bankers are becoming a little worried, and as a result, Brazil is having to pay more for its cash—around 14 to 16 per cent above the London interbank rate, according to Harry Wilfrid Gush, head of the Deutsche Bank.

A move to the IMF by Brazil would have to be handled with great skill and care. Any rumours hinting that Brazil could possibly default on its vast debts could panic banking authorities and bank shareholders.

Some official IMF lending to Brazil might, however, make American bank supervisors sleep a little easier. —United States banks account for 35 per cent of Brazil's foreign debt.

The official list of those attending last week's IMF meeting here indicated that the size of the nation's debt. Brazil's delegation was by far the largest, with 23 members of its official delegation including senior executives based in Brazil for such companies as Messier-Ferguson, Xerox, Citibank, Fiat, Volkswagen and Mercedes-Benz.

The conference proved to be the best possible place to mount a full-scale attack on the world's commercial bankers. Those

advancing a winter supplementary estimate. The corporation's plans have been discussed by ministers and a statement on additional funding is expected to be made before Parliament resumes. The Government has already announced that it is shelving proposals to hive-off the specialist shipbuilders in the face of opposition from the BS board and has recognised that the corporation's which have led BS to seek more cash were outside the corporation's control.

Mr Atkinson, who took over as chairman in July, has already taken steps to produce a plan in which the corporation's overheads. The London office is being run down, which together with other cuts will produce savings of about £3m. Operations are to be decentralised with headquarters func-

tions being concentrated on the corporation's Newcastle office and divisions being established for merchant shipbuilding, warship building, general engineering, ship repairing and offshore work.

On a number of issues the new chairman finds his policies much in line with those of the Technical, Administrative and Supervisory Staffs. The union has called for increased government aid to enable BS to exploit the expected market upturn, and a positive "buy British" policy by British shipowners, government departments and nationalised industries.

The union has also called for money to be provided for essential investment, a national maritime policy, introduction of a scrap-and-build scheme and an expansion of industrial democracy.

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MANAGEMENT

Dutch tread into an accounting minefield

An ambitious draft accounting Bill has been introduced in the Dutch Parliament which, if passed in its present form, will put the Netherlands in the forefront of countries requiring—or allowing—some form of actual-value accounting.

The country's accountancy profession has been for many decades a vocal advocate of actual-value accounting in financial reporting, but the Dutch business world has not been so enthusiastic. Except for a few large companies such as Philips, Dutch financial reporting practice shows a fairly modest application of the actual-value basis. Moreover, where it is applied, it is done in a piecemeal and inconsistent fashion from company to company.

The Dutch seem to have been overtaken by the events of the last decade, notably those in Britain where generalised inflation has been translated into a concrete inflation accounting standard (SSAP 16) to guarantee relative comparability in actual-value application among companies.

Such a standard is not an excessive luxury since actual-value accounting systems entail many judgmental features, opening a Pandora's box of subjectivity according to those who see objective financial reporting as the aim.

Business world has not been enthusiastic

Although agreed in principle on some form of actual-value accounting (the broad term of reference used in the draft Bill)—chosen, obviously, to accommodate most current cost and other specific price-level accounting practices—the Dutch have never been able to agree on a uniform application. In fact, as the draft Bill requires that the question of application be dealt with in a special governmental decree, the actual issue—a usable standard—will still hang fire even should the Bill pass parliament.

The effect of the proposal, introduced in an effort to align Dutch accounting legislation with that of the EEC Fourth Directive, will be considerable, however. It requires all companies with limited liability to include actual-value accounting in their accounts if, and as far as, book value is not immaterially lower than actual value.

In the present inflationary environment, this will affect most companies. Moreover, for companies falling under the heading of application of historic cost would obscure a true and fair view of the financial position and results of operations, actual values will have to be included in the prime accounts rather than supplementary information in the explanatory notes.

This not only far exceeds the present implementation of actual-value accounting in The Netherlands, but it also aligns value as an unprejudiced exclusiveness—supplementary historic-cost data are not even required, contrary to Article 32 of the Fourth EEC Directive (and the United Kingdom SSAP 16, for that matter). This, along with its application by all limited companies, large and small, makes it the most significant piece of actual-value legislation yet proposed in the Western accounting world.

Definition of concept for the Bill may prove a formidable task

The Dutch tripartite study group—a unique joint venture between employee and employer organisations and the Dutch accountancy profession for the purpose of accounting standard setting—opted only very recently, in a draft guideline, for a more modest formula giving equal, complementary status to actual-value and historic-costs accounts—the one always to complement (rather than substitute for) the other. The far more ambitious proposed legislation will probably meet strong opposition, notably from the “social partners”—employers and employees. Even some members of the Dutch accountancy profession, though it has traditionally promoted actual-value accounting, both nationally and internationally, expressed the fear in a first informal meeting that the profession may have got more than it bargained for and speculated that it may end by joining the forces of moderation.

So a lively debate seems likely in The Netherlands, first on the principles of the present proposal—difficult enough in themselves—and, secondly, on a definition of the actual-value concept which is precise enough for inclusion in the special governmental decree envisaged in this draft Bill. The history of actual-value accounting throughout the world suggests that the latter may well prove the more formidable task.

Jules Muir

The author is director, quality control, of the Continental Operations of Ernst & Whinney.

Easing the burden of moving

Why are managers so unwilling

to move? There is an

increasing emphasis on the

social problems of uprooting

the family... factors which are

often more important than finance

Tougher economic conditions should be making managers more willing to move with their job when it becomes necessary. In fact, this is not the case.

In spite of increasingly generous relocation packages now being provided by British companies, with total benefits and expenses frequently in the £8,000 to £10,000 range, it appears that managers are increasingly reluctant either to move with their jobs or to accept jobs with new employers that involve moving house. Employers are therefore resigning themselves to providing relocation benefits that are increasing in value, and covering increasingly exotic items.

Why are managers so unwilling to move? According to Mr Neil Macmillan, head of the Bedford-based personnel consultants Macmillan Woolf, people are placing increasing emphasis on the social problems of uprooting the family from a settled environment into the unknown. Things such as children's education, club memberships and the need to be close to a spouse are all growing obstacles to enticing executives to move, even in cases where the financial cost is totally covered.

Whereas people used to be reluctant to change their children's schools only in O and A level years, now it tends to cover their entire schooling. Also, with the increasing number of working wives, companies are having to offer enough in the way of incentives to justify placing a very good second income in jeopardy.

Benefits such as disturbance allowances, payment of bridging loans on houses, cash given to wards carpets, curtains and so on and club entrance fees now figure in the relocation packages of many leading British companies. With a standard clearing bank bridging loan of £50,000 house running to over £800 a month on its own, and stamp duty, legal fees and estate agents' commission adding another £2,500-£3,000, it is easy to see how the costs to the employer mount up. In fact, all companies appear to have an accurate idea of how much it actually costs them to move a manager from one area of the country to another.

The practice of paying a “disturbance” allowance, that can be as high as 25 per cent of salary, can easily push the total cost into five figures for even a middle ranking manager.

Barclays Bank is one company that pays a 25 per cent disturbance allowance, although it puts the figure at £1,330 on its own, meaning that any employee earning more than the fairly low sum of £5,300 does not

actually receive the full percentage. But the manager at Barclays gets other benefits to compensate. The bank will pay for a certain amount of relocation at his new home if it is considered essential, provide other essential items such as light fittings, floor coverings and curtains and even buy the manager a new cooker if his existing cooker is gas and his new kitchen has only electricity.

Entrance fees to local business clubs, charities and even golf clubs, if membership could bring business the company's way, will be looked after. With many golf clubs now asking entrance fees of more than £100, this item can be an expensive one.

Temporary accommodation and bridging loans are provided free without any definite time limit. When added to standard items such as removal costs, surveys, estate agents and legal fees, connection and disconnection of essential services, a managerial move for Barclays can cost more than £8,000, assuming a two-month stay in a hotel and four months' bridging finance on a £50,000 house.

The costs at ITC can be calculated to be even higher. ITC reimburses its managers on three separate scales according to the difficulty of recruitment. The top scale gives 13 weeks' interest on a bridging loan, a maximum of £3,500 in disturbance allowance and a maximum of £1,000 maximum, stamp duty and some other items.

These are all technically provided as an interest-free loan that is waived once the employee has been with the company for more than two years. As these payments alone would amount to more than

£8,000 (assuming a £50,000 house once again) obviously the manager would have to have a pretty good reason for leaving the job.

Other items, such as 13 weeks of £60 a week hotel allowances, and removal fees (both on production of receipts) bring the total to more than £20,000. Even a company with tighter financial constraints, such as British Steel, providing only removal and legal fees, can run up a bill of over £2,000 without any great effort. And about the rules, providing much more generous treatment to managers exceptionally in demand or being recruited in areas where there are more vacancies than people, the company is not providing enough of the best deal.

According to Mr David Harper, of employment agency electronic engineers tend to get more generously treated by employers than, say, mechanical and civil engineers, when employers are recruiting in the outside market for a job that is likely to involve relocation. “It reflects market forces. The people the company is not providing enough of get the best deal.”

Mr Jack Cowdy, head of high technology specialists IFF Group, looks at this from a slightly different viewpoint. “There may be a recession now, leading companies to cut down on spending. But the recruitment going on now is to man the high technology investments that were authorised two and three years ago, when there was no recession.”

“It makes little sense to hold up the full use of a multi-million pound capital investment by cutting back on relocation expenses.”

Even with a generous relocation package, however, the difficult housing market can prove a problem. “Housing problems are the biggest cause of managers not taking jobs,” says Mr Harper. “People are made job offers and want to accept them and then a snag in exchanging contracts, such as a buyer for their house dropping out, stops the whole process dead. When a house purchase or sale is involved we always see a warning light.”

Macmillan agrees. “When we advertise a post, likely to involve a house move we get a lot of applications and generally people come to all the interviews and express interest right down the line. But all too often they back out when offered the job.”

The large sums of money involved in helping managers move house has led to the location services being based PHH Services is the largest firm in the field, with more than 30 companies as its clients, including 3M, Turner & Newall, Associated British Foods, and others. Majorities owned by the United States relocation company, and part-owned by Kleinworth and National Westminster, PHH's mission in life is helping companies to resolve relocation uncertainties.

For a fee of £450-£700, PHH will help value and sell the manager's old home, and arrange bridging finance if it is needed. PHH also has a lower cost service than that at which many industrial companies are borrowing and certainly lower than the clearing bank's base rate plus per cent which is frequently charged on commercial bridging loans. PHH will also manage and let employees' homes while they are on short-term contracts in a new location and help find a new house and line up new schools for the moving manager.

“By using us, a company can help a manager keep his mind on his job and know we are looking after all his school and home problems. Our services pay for themselves in extra productivity let alone the money saved on bridging fees,” Mr Mark Smith, of PHH, says.

The housing market is so unstable that house sale problems to moving executives whether the market is tight or weak, he says, and with relocation by his calculations costing from £5,000 (if the house is lucky) to £10,000 for very senior people, demand for the services of relocation specialists can only grow. It is difficult to argue with him.

Roger Hardman

In search of the right mix in the Potteries



Mr John Perks (left) pottery maker and Mr Jack Wheatley, company director, consider marketing problems among the mixing bowls and pudding basins.

From the grey local clay round Church Gresley, near Burton on Trent, the Pool Potteries of Mason Cash have, for some two hundred years, been turning out those large mixing bowls, light brown outside and white in, which featured in most housewives' kitchens until the advent of overproof glass.

These days Mason Cash, a family company for the past eight years with 35-year-old Mr John Perks now running the business since his father-in-law's retirement, also turns out dog bowls and a number of other simply made items like small baking dishes for the pub trade.

Mr Perks has been experimenting with more complicated items but earlier this year his overriding problem was stark: sales were down 25 per cent and trading losses were looming. Already his workforce had been reduced to around 60 from more than 80.

Exports, which had been accounting for 15 per cent of production, were being hit by the stronger pound. He began to worry about import competition given the simplicity of the operations of the pottery which developing countries might grossly undercut the British product.

The question was where did a company that was essentially a production oriented, serving traditional markets mainly through an agent-to-wholesale system, go from here?

Mr Perks, who is a cost and management accountant, took the problem to the Institute of Marketing which last November launched an advisory service for companies in difficulty. There is a national body of some 100 members of proven ability, many in marketing but covering other skills like accounting and including quite a sprinkling of chairmen and managing directors of well-known companies.

They offer their time as company doctors on a quick consultation basis, essentially following the philosophy that marketing is a way of focusing the operations of a business.

More than 50 companies have so far used the service from at least one in the household name class to a one-man business in men's wear retailing, but with many, as might be expected, in the smaller company category.

For £15 and the cost of a few travelling expenses, the advisory service seems at first sight to bring with it the touch of a fairy godmother. The question is not so much the skill and standing of the panel; it is more a matter of how much can really be achieved in a quick preliminary study of the books and the market of a particular company, usually a half-day visit to it and the drawing up of succinct list of recommendations.

Even if the company doctor is right, is this enough to per-

suade or educate the company management to make the changes they should take?

It was Mr Jack Wheatley, at present sales director of a business systems company and treasurer of the institute, who played company doctor to Mason Cash. He is a marketing man who has specialised in turning round companies in difficulty. The Mason Cash background was sketched in quickly enough. Mixing bowls still account for around half the company's production and Mr Perks believes he has half the British market for this product, sharing it with one other competitor—another local pottery.

“It makes Church Gresley the mixing bowl capital of Britain,” he remarked, lighting up momentarily the discussion on points like unit costs and the ratio of stocks to sales on which Mr Wheatley was pressing him.

Mr Perks believes he has well over half the market for dog bowls. He adds value for better margins because he can: some of the dog bowls, which account for about a third of the Mason Cash output, are coloured blue inside and sold at a higher price.

One problem is that the company produces comparatively simply made products, with volume the name of the game.

Mr Perks has tentatively tried breaking into the tableware market with products like casseroles, although these involve higher production costs—comping with complications like lid-fitting, knobs for the lids and handling legs. Ball bowls and storage jars were other diversifications which had been tried.

Since losses threatened earlier this year after spending on modern drying units for the pottery lines, Mr Perks has also diversified into the production of white pudding basins of a distinctively chunky design.

So he agreed with Mr Wheatley's suggestion that he had to continue efforts to reduce unit costs either by increasing output with present staffing levels or else maintaining output with fewer people.

Although business has increased he has avoided taking on additional workpeople as would normally have happened with seasonal upturns. He is also exploring technical means of improving efficiency.

Mr Perks agreed with Mr Wheatley's ideas for a product development programme, but he had doubts about adding value by building in what might be only minor plus factors but which could allow selling price increases and so improve the profit margins.

One problem was identified—a course of action designed to add value, particularly if pro-

duction difficulties arose as the product became more complicated. Distinctive labelling, of say the pudding basins was a good idea, he believed. Lettering on the dog bowls, at present merely stamped on, might be improved and he wondered if silk-screen printing might be an avenue.

But Mr Perks was far from persuaded by Mr Wheatley that he might abandon the policy of being traditionally 10 per cent or more cheaper than competitors. In mixing bowls that could mean a large reduction in the market share, argued Mr Perks, although he admitted that might be a possible strategy given the prospects for the product.

With fewer youngsters learning cooking from their mothers who mostly still had traditional mixing bowls at home the demand for such bowls could well decline unless schools could be persuaded to use traditional bowls.

But with Mr Wheatley urging that Mason Cash should get nearer to the end user in order to help, change for the better, the company's product development policy, Mr Perks was convinced by the idea of appealing to a market that could react to the image of old-fashioned dependability.

Mr Wheatley's suggestion that a cookery consultant could be recruited and media campaigns involving the Mason Cash bowls launched, Mr Perks agreed to as “excellent and the most tangible help.” He also welcomed the idea of a consultant in the per market if one could be found.

But the two clashed on the question of Mason Cash's system of selling largely through an agent. Mr Wheatley suggested he had to decide on an agent's role given that the present one is retiring he urged the appointment of a marketing manager responsible for direct selling to wholesalers and retailers, thus bringing up the marketing operation.

Mr Perks was already considering this problem and was more inclined to tackle it by employing a part-time consultant, a suggestion Mr Wheatley made. He remains unconvinced that a full-time appointment is the answer but may well now take a second opinion to Mr Wheatley's by commissioning a consultant report on Mason Cash.

Mr Perks summed up: “From my point of view this has all been a worthwhile exercise. Mr Wheatley has made some valid points and it has certainly concentrated my mind on specific issues. He has made me reconsider carefully the sales staffing options.”

For his part Mr Wheatley, who took a day of his own time to go to Church Gresley, has offered further help if Mason Cash want it.

Derek Harris

Threat to Indonesian trade with Britain

From Mr B. G. Mabrey

Sir, I would like to draw your attention to a trade dispute between this country and Indonesia, which is currently putting about £160m of British exports at risk to the benefit of foreign competition both inside and outside the EEC.

The existence of this dispute was first reported in July this year, but the manner in which it has since escalated has been given little or no attention by the national press, who are perhaps, not fully conversant with the issues involved.

At some considerable time now Britain has had a favourable trade surplus with Indonesia. In the last two years, however, the substantial increase in oil and mineral exports has now been eclipsed by a large public sector and industrial investment programme to improve its export and raise the standard of living of its people. It has the fifth largest population in the world.

The benefit to the United Kingdom alone in the next 12 months is expected to be a doubling of exports principally of capital goods, including buses, steel bridges, heavy engineering and electronic equipment.

In return, Indonesia wishes to continue to export its traditional commodities, principally timber, minerals and a small volume of manufactured textiles. There is every reason to feel that in relative terms the balance of trade is very favourable to Indonesia.

From Mr Frank Ireland

Sir, On September 12, your correspondent, Mr Kenneth Owen, reviewed a small part of a report prepared by a Fellowship of Engineers Working Party, of which I was the chairman, on the technology and cost of reducing lead in the environment.

It was not in the remit of the working party to study the health hazards of lead in the environment because this was being studied by a committee set up by the Department of Health and Social Security, under the chairmanship of Professor J. Lawrence. Naturally, the Fellowship's working party took account of the findings of the Lawrence committee.

On September 29, you published a letter from Mr Sidney Jones, concerning the working party's report on the strength of Mr Owen's review. Among other things, the complaint of industrial bias creeping into the report and, to add to this, that the report was a balanced view of the complex subject, yet her own letter is guilty of the things she warns against.

It is a pity that Mrs Jones made her comments without having read the full report, which is about to be issued to members of the Fellowship for debate. The report is not arguing for an increase or decrease of lead in petrol; it is examining the options which are available and the energy and financial burdens which have to be paid, if there is a statutory requirement to decrease lead in petrol.

Mrs Jones criticises the suggestion to use lead filters in car exhausts on the grounds that they are inefficient and pose a lead disposal problem. She does not like the alleged development, being funded by an oil company, in the United Kingdom, the research and development of lead filters was carried out by the Western Special Laboratory of the Department of Industry.

Surveys, a reduction of 50 per cent of lead emissions from car exhausts is to be welcomed if it can be achieved with a smaller amount of lead in terms of energy and cost than any other method, especially as the Lawrence committee saw no firm evidence that the country had reached a level in petrol lead content which was not to be exceeded.

The membership of the working party was chosen so as not to include commercial interests in the lead, petroleum and motor vehicle industries, and to include, in addition, in surveys, oil, industrial and water sources of lead in the environment.

Yours faithfully, F. E. IRELAND, 59 Lancaster Road, London N6 4SQ, October 1.

PO's parcel handling

From Mr N. N. Walmsley

Sir, May I reassure Mrs M. J. Barton (Letters, September 30) about the handling of parcels at our mechanised sorting offices.

The Post Office safely handles hundreds of thousands of parcels a day. Parcels tied with string do not have to be sorted by hand, as stated by Mrs Barton. Sorting machines handle these along with other parcels. The very infrequent cases of damage normally arise when a heavy object has been inadequately packed. To help our customers ensure a safe transit of their parcels through the post, we recommend they refer to our “What to put in a parcel” leaflet available at all Post Offices.

We are, of course, getting in touch with Mrs Barton about her particular problem. Yours faithfully, N. N. WALMSLEY, Director, Postal Marketing, Postal Headquarters, St Martin's in the Grand, London EC1A 1HQ.

Graduate accountants

From Mr S. Blanche

Sir, I have just come across your recent issue with a letter from Messrs Kevin Thompson and Michael P. Davidson. “Our in the big world” (September 22), in which they call about the unemployment of graduates and say “Tragic? Yes, we even hear that some have been forced into accountancy.”

Those of us who have been in the accountancy profession, having come in by the old route of

working our way up and taking the examinations at our own expense, at our own time while working full time, don't find some of these new graduate entrants very amusing at all.

And, to add to this, the fact that the new graduates are being forced into accountancy, let us hope the practice soon ceases.

S. BLANCHE, Blanche & Co, Thames House, Watlington Street, London SE18 6NZ.

Sorting out the metric muddle

From Frances Arliss

Sir, I would like to refer to Mr Hill's letter (September 30), there certainly is a need for a new Metric Society to clear up the muddle left by the Metrication Board, but would need to be the Metric Society for a Usable Metric System (Sum?)

The trouble with the Metrication Board was that what it introduced was not the continental metric system, but an entirely artificial new-fangled metric system called Systéme International (SI for short) invented by buffoons for scientists. The trouble with length has been the simplicity of 1000mm = 1m; 1000m = 1km. The problem comes when ordinary people try to use this. How can one, possibly conceive the length of, say, 650mm when 1mm is the thickness of a thick pencil like?

Well tried, well tested, generally approved in countries where it is used, the continental metric system uses several reference points. The millimetre is used only for fine measurement. The centimetre is a handy unit because it is a small distance as most people could measure quickly without peering at a tape—a replacement for half an inch.

Another important reference point is 100cm, which is almost the same as the traditional English “hand,” as still used for measuring horses. About 4

Chairmen for state industries

From Sir Robin Chick

Sir, Mr Hanson (September 15) is mostly, but not entirely correct in his assessment of reasons why chairmen of nationalised industries and corporations are found from outside the country.

The primary reason is that the very best and ablest in the land are in the public appointments, and it is difficult to find a man to carry with them, as Mr Hanson mentions, the added duties of being closely with the Government of the day.

It is our experience in the new chairman of the major nationalised industries and in filling other high appointments that an array of very senior public appointments, other than from the private sector, industry and commerce make themselves available are attracted mainly by immense personal challenge which job offers. Remuneration is an important but lesser consideration.

ROBIN CHICHESTER-CL, Berntson International, 28 Welbeck Street, London W1M 7PG, October 3.

UK's grain mountain

From Mr N. B. S. L. Thornehill

Sir, Mr Hill (Letters, October 3) asked for a free market grain.

As one who has helped produce the grain mount may I say I am not sure about it. The grain really helps Britain is not, and never be, a low cost grain. High labour costs, a cold island and a poor climate contribute to a high cost of production. The quantity of his own product alone that of others. I can vary by as much as 100 per cent from one year to the next, from farm to farm. The profit levels are such that the government's program on plant machinery, seed, chemicals, fertilizers, ignoring rent below 15 per cent per year, takes 18 to 20 months from purchase of seeds, fertiliser and the like to the sale of crop.

I suggest that a free market would lead to wild price fluctuations, disruption of a run industry and further employment.

Yours faithfully, N. B. S. L. THORNEHILL, Senior Farm Manager Ltd, Hindersley Hall, Nantwich, Cheshire, Norfolk, October 2.

Short-time working

From Colin George Austin

Sir, After 10 years' experience, my gas central heat boiler has been out of action for a month because of a thermostat, for which the vice engineers have been unable to obtain a replacement.

I decided today to teleph the boiler, a local firm, to see if they could help. I am told, very apologetically that they were indeed having difficulty in finding orders for new thermostats. At present, they were only able to turn out a very small number each week because they were working short-time.

In my simplicity I assumed that firms only their workforce on short-time when they lacked orders for their products, not so that their wages could be maintained.

Yours faithfully, COLIN GEORGE AUSTIN, The Vicarage, 19 High Road, Bushey Heath, Watford, Hertfordshire, WD2 1EA, October 2.

Working in simplicity

I assumed that firms only their workforce on short-time when they lacked orders for their products, not so that their wages could be maintained.

Yours faithfully, COLIN GEORGE AUSTIN, The Vicarage, 19 High Road, Bushey Heath, Watford, Hertfordshire, WD2 1EA, October 2.

I believe most newspaper and magazines have an editor guide to the house style, so a change would be easy for the getting the message through large and small printers. I print sales leaflets and as a by-product of my work I have been told by a printer that he is having difficulty in finding orders for new thermostats. At present, they were only able to turn out a very small number each week because they were working short-time.

Everyone could join in, would soon send firms off to study their literature. If the was a Mutt of the Month competition on TV for the date instructions. My present firm has the advice to fix hook 2 inches in from the edge of the rail, or 3mm! All right it is a tiny point but it was the want of a nail that the shoe was lost; moreover, if the lead in the sand and the attitude of industry to what their own people are actually not measuring.

I think that a limited campaign aimed mainly at the paragon of the printing world could do it. What is needed is to explain to the printer the difference between SI and the continental metric system and then for them to stop quoting millimetres for lengths over 5mm and to stop quoting the metric “hand,” which is almost the same as the traditional English “hand,” as still used for measuring horses. About 4

the letter from Mr D. V. Edwards on October 3, “the ‘Market rates fall’” “the personal rate of interest referred to in the second paragraph should have read ‘per rate of interest’”

Yours faithfully, ANNE ATTREE, 125 Ham Lane, London N3 3PR.

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BY THE FINANCIAL EDITOR

Equities still shrug off the bad news

The City is still in two minds about whether it is in the first stages of a bull market. The FT All-Share index has risen by more than a fifth since June and ordinary shares have been showing a remarkable capacity for the past month for struggling off the edge of deepening recession. Sharp profits are back across most of manufacturing industry and cut dividends from important companies, such as CKN and Turner, have had only a temporary impact on sentiment.

However, hard British industry complaints at the medium-term economic strategy is steadily squeezing the life out of it. The City least still seems prepared to give the government the benefit of the doubt that its strategy is working and will produce the necessary structural changes in Britain's industrial base. Certainly that appears to be the feeling in the gilt market. Money supply targets may have gone haywire but inflation is starting to abate and recent wage settlements augur well for the future. So at least the gilt market is able to look forward to a steady decline in interest rates next year and assuming a top in gilt yields and only a modest rise in company dividends, the narrowing yield gap provides more scope for equities.

There have been false dawns since the end of bear markets before. All the euphoria at the time the Conservatives came into office 16 months ago did not take long to turn itself out as oil prices and interest rates began to climb. And there are some pessimists in the City too. Like James Capel, the stockbroker who argues in his latest economic assessment that a rough budget taking some £5,000m out of the economy will be needed next year, if the borrowing requirement is to be met.

Over the next few months concern about the strength of the corporate profits recovery in 1981 if sterling maintains its present levels may well make equities nervous. But bull markets usually start when the outlook is at its blackest, and another leading stockbroker, Greenwells, points out that its index of equity market expectations has just reached the same low point as in 1974, suggesting that the equity market is fully discounting the problems of British industry.

The arguments for equities, then, are a straight gamble on this Government's chances of success in getting the economy straight. If this recession produces leaner and more productive industrial base, as the strategy argues, manufacturing industry will be strongly based when demand picks up, making our most efficient companies look cheap even in an international context of the expected pressure on oil prices, reduces the competitiveness of countries such as Germany and Japan.

Investment

(In real terms)

The cult of the equity has taken quite a hammering over the last inflationary decade. Taken as a whole equity investments have proved singularly unrewarding in real terms. Most individuals would have been much better off investing in a house where it would on average have multiplied nearly fivefold during the past ten years, thus comfortably outstripping the ravages of inflation. During the same period the retail prices index has risen a little under three and a half times.

For those who choose instead to invest in the equity market, a look back over the past ten years is a depressing exercise. As the chart demonstrates, equity values during that period have fallen sharply in real terms. In fact, £1,000 invested in the All-Share Index in 1970 would be worth roughly half that sum today.

Of course this does not take account of dividend income over the period, but even allowing for this, there is no doubt that equity investors have been losing out.

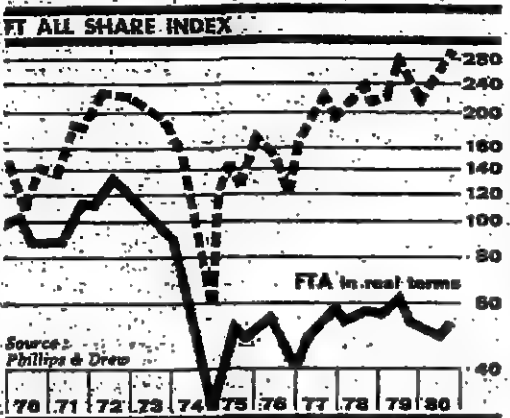
Stockbrokers Phillips & Drew calculate that the average rate of return on equities including dividend income over the period 1970-79 was running at 9.3 per cent. At the same time, however, inflation as measured by the retail prices index was averaging 13.1 per cent.

In other words, equity investors were

losing out in real terms by 3.2 per cent a year. Deflating the original £1,000 accordingly, the investor is left with only £722 after 10 years—a fall of 28 per cent. The real decline in equity values to a large extent mirrors a real decline in the worth of the share of the company which the equity represents.

Profitability has fallen sharply during the seventies. Recent CBI figures, for instance, indicate a real pretax return on capital for industrial and commercial companies of 53 per cent in the first quarter of 1980 or 53 per cent if North Sea activities are excluded. This compares with a rate of return of 8 to 11 per cent in the late sixties and very early seventies.

The message is clear. Industrial and commercial companies as a whole have not managed to keep pace with inflation and



given that, it is hardly surprising that money invested in them has not done so either.

Of course, when calculating the return on equity investments the base date is all important. Those who invested at the bottom of the market in 1974 would have done very nicely in real terms and over any period some shares perform much better than others. But then that is no more than saying the potential risks and rewards for the active investor are much greater than for those who invest in the index.

One of the odder aspects of this summer's recovery in markets has perhaps been the way in which equities have fairly conclusively outperformed gilts. But in the context of a yield gap of almost 7 per cent it is rather less surprising if one takes the view that yield on long dated gilts may well fall by at least another point over the next few months while the general attitude to dividend growth prospects may actually start to grow rather more optimistic.

It is also true that some fund managers are becoming increasingly reluctant to continue to alter the weighting of their portfolios by simply continuing, almost like clockwork, to mop up the vast quantities of public sector paper thrown at the market month in and month out.

This, of course, is a situation of which the authorities have become increasingly aware, albeit that the present attempt to shift more of the burden of public sector funding on to the personal sector has not been designed primarily to suit the whim of the institutional fund manager. The idea is, quite simply, to try to get long-term yields down to a level at which companies may be tempted to refinance part of their bank borrowings outside the banking system.

Whatever the official motive, however, it does raise the interesting question as to whether the supply of corporate paper over the next year or so is more likely to be aimed at the fixed interest or the equity markets. Even assuming that long-term yields were to fall to levels that would tempt the corporate treasurer to consider a fixed interest issue, it is an open question as to how many companies would feel that a large debenture issue, say, was in fact the right thing to do.

For the company that is confident either of its own prospects in the eighties, or at least that the present attempt to kill off inflation will not work in the longer term, the fixed interest issue will have obvious attractions at the right price. But how many companies are going to have that confidence?

The company is West Germany's largest mineral oil concern in terms of turnover. It ranks number nine in Germany. Yet although 90 per cent of Germans know of its existence, probably only a few realize that it is British-owned.

Conversely, no holder of shares in the parent company, British Petroleum, could deduce from the 24 line items voted to the group's activities in Germany in BP's latest annual report that Deutsche BP has over the past five years staged a corporate recovery almost without parallel in post-war West German industrial history.

In the mid-seventies it looked as if BP might pull out of Germany altogether in the same way that it abandoned Italy. Losses in the summer of 1975 were running at a million marks a day. New investments were down to a trickle. The company, which had fallen out of the top tier of oil concerns in Germany, appeared committed to a programme of closing down petrol stations while the shutdown of refinery capacity seemed unavoidable.

It was on January 1, 1976 after the worst year of Deutsche BP's history, that Dr Hellmuth Buddenberg, the company's finance chief, took over as chief executive.

Today, not only is BP Germany's number one oil company and a major employer, but Dr Buddenberg has become the self-appointed spokesman of the German oil industry, a familiar figure on television and in the press and was even selected by the mass circulation Bild Zeitung newspaper as one of Germany's "20 most interesting men".

Much of the credit for the turnaround must go to Dr Buddenberg. Now in his mid-fifties, he is a tall, thin, athletic build and with the de rigueur Mediterranean tan that has become the trademark of chief executives in the federal republic.

A quick rap on the table with his knuckles to hammer home a point. When underlining something of importance his face becomes tense

and his eyes can take on an almost mystical stare. He can be an abrasive man to deal with and does not shy away from controversy as both the economics ministry in Bonn and rival Hamburg-based groups have found.

At the time of the "BP crisis", he drew up a seven-point programme to restore the company to health.

Dr Buddenberg's first priority was to revamp Deutsche BP's personnel and management. Other targets in descending order of importance were to overhaul the company's refinery structure, improve its marketing (including the establishment of independent profit centres), push ahead with a new oil supply policy, develop Deutsche BP's petrochemicals and plastic interests, open new markets in areas such as coal and natural gas and improve the company's image from being a relative unknown compared with Shell, Esso and Aral—the mid-seventies market leaders in the German oil industry.

He worked on the assumption that BP in London would give him full backing as long as he proved successful. To turn Deutsche BP around he sought to draw on the resources of the parent group, the potential of Deutsche BP's own staff and its management.

The first months were difficult. The workforce had to be persuaded of the serious position in which the company found itself. The restructuring of the group's labour force involved shedding 20 per cent of its staff in the months of wrangling with the company's works councils. He secured approval for staff cuts through such means as early retirement.

Today Herr Karlheinz Basse, the head of the workers council in Hamburg, has no doubts. He says that in an operation that eliminated nearly 1,000 jobs only 10 people had to leave the company against his will.

A part of Dr Buddenberg's policy was to impose his workers as much as possible on what was happening in the company "down to the door-

Peter Norman

How BP struck it rich in Germany



Dr Hellmuth Buddenberg, given much of the credit for BP Germany's turnaround.

keeper". He began to make personal appearances at meetings of workers councils in Deutsche BP's 12 regional centres. He instituted meetings of representatives of the entire labour force to ensure that the message of the management was being heard, and that the management itself was aware of problems felt by its workforce.

The result, he says, was that the BP labour force began to feel as if it was "sitting in one boat" and therefore "pulled together".

The team spirit has produced some extraordinary results. One of the problems faced by Deutsche BP management is that the group—like the partly state-owned Veba—suffers a comparative disadvantage against other German-based oil groups by having no access to the lightly taxed indigenous

oil and natural gas reserves. This, as Dr Buddenberg says, is a management problem, but it has not prevented delegations of workers from BP going to Bonn to press their management's case on Dr Otto Graf Lambsdorff, the economics minister.

The company's personnel policy has been vindicated by a massive increase in productivity. In 1975, Deutsche BP produced and sold around 14 million tonnes of oil and oil products with a 6,000 strong workforce. Last year the same number of people produced and sold 29 million tonnes.

This summer, for example, Deutsche BP became the second company in Germany to introduce a scheme giving its labour force a direct share in the company's profits.

But there has also been an element of "good fortune" in the

firm's recovery. The vital important agreement reached in 1978 by which Deutsche BP acquired most of Veba's Gelsenberg subsidiary could not have come about were it not for a close rapport established between Dr Buddenberg and Herr Rudolf von Bennigsen-Forster, Veba's chief executive. In turn it is hard to imagine the emergence of such a fruitful friendship between "Buddy" and "Benny" without their shared background of running oil companies that lack the advantages of indigenous German oil and gas supplies.

The deal catapulted Deutsche BP into the first position among German oil companies and at a stroke went a long way to fulfilling several of the seven targets established at the beginning of the restructuring plan.

The transaction brought a higher level of activity to Deutsche BP's refineries by bringing BP some 7.5 million tonnes of oil sales to the consumer but only half as much refinery capacity. Deutsche BP then acquired an important stake in the oil majors industry by becoming the biggest single shareholder in Ruhrgas. The deal also forced Deutsche BP into coal trading.

According to Dr Buddenberg, the agreement also brought Deutsche BP closer to its parent company. Deutsche BP was still making losses in 1978 and it required a great deal of trust on the part of London to finance the cash payment of more than DM800m that was paid to Veba under the deal.

Now Dr Buddenberg presides over a profitable company. Last year it returned a profit of DM304m and results this year are expected to be in the black.

According to Dr Buddenberg, the recovery of Deutsche BP shows what can be done when workers, management and shareholders work together in the interests of themselves and the community at large. It is a mix that could probably only work in German conditions.

Why the Isle of Grain dispute could rock the TUC's foundations

The three trade unions which have defied the TUC formula for setting the 13-month-old Isle of Grain power station dispute have until Friday to back down or face suspension from the Congress.

If the Amalgamated Union of Engineering Workers (AUEW), engineering and construction sections, and the Electrical Electronic Telecommunication and Plumbing Union (EETPU) are suspended the implications for the TUC will go beyond the loss of affiliation covering almost 1.7 million members.

That prospect, unthinkable when the dispute began last summer, remains a real one; and if it occurs the Central Electricity Generating Board, for whom the £550m power station is being built, is unlikely to break the discreet silence it has maintained over the issue for several months.

The reticence of the CEB, however, like that of the dock which Shereff Holmes noted did not bark, should not obscure its importance. It was after all a shift of policy by the board, for reasons which its members still regard as essential, which first set in motion what is now seen almost universally as entirely an inter-union dispute.

The dispute began with a "scab" noticed scaffolders' strike which at the time seemed merely another irritant in the troubled industrial relations history of a construction programme already years behind schedule.

At the root of it, however, was a new found determination by the CEB to exert control as a client over what it saw as spiralling costs, by imposing on its contractors a bonus ceiling for craftsmen of £250 an hour. It was a move to power stations to be built on reimbursable contracts. That system, whereby the contractors are the employers and pay the wages, but pass the bills onto the client for reimbursement, had been used successfully with the intention of giving the client greater control.

In practice, the board, which was in any case suspicious of whether bonus payments were really being reflected in output, had found that it gave them less production.

By August 1979, however, the CEB could afford to get tough. The commercial value of completing the biggest oil fired power station in Europe was very much less than it had been when work first started in 1971, at least two years before the critical rise in oil prices.

As the board looked ahead to a £15,000m nuclear construction programme over the next decade, Grain appeared an attractive test bed on which to restructure industrial relations once and for all and eliminate the leap-frogging pay disputes which had dogged power station programmes in the past.

Insulating boiler pipes and turbines had been laid off during the scaffolders' strike. They refused to return under the new bonus terms and have not worked at the site since. The bonus issue has now long been overtaken, partly because the GMWU have accepted that their members should return within the bonus ceilings and partly because of what in March became a still more intractable problem, the threat of a new agreement to recruit alternative laggards to do the GMWU men's jobs.

By the unions prepared to follow that course, the issue was now presented as one of 1,600 jobs. The board officially threatened to close the site. Unless other unions took over the GMWU jobs, it was argued, Grain would not survive.

For the GMWU, and several other big unions however, that was an unheard of breach of threatened to close the site. "blacklegging" was the order of the day when over 1,000 site workers were driven in buses past an official mass picket of furious GMWU laggards on May 27.

On July 23 the TUC, after what its own report calls "long and exhaustive talks", issued a formula which was rejected by the three unions now facing suspension and accepted by all others, including the AUEW and EETPU, some of which still had members working as substitute laggards.

The TUC formula provides for the replacement of the sub-

stitute laggards by GMWU men working for the main contractors (as opposed to a member firm within the Thermal Insulation Contractors Association, with which the GMWU enjoys a national agreement for laggards); for GMWU men to be employed by a Tica contractor; for the substitute men to be found "appropriate" alternative work; and for urgent talks to get under way on a national site agreement covering all crafts including lagging.

The three dissident unions have refused to accept that their recruits should leave, at least until their present jobs are completed. They argue that in any case the TUC formula is "unworkable".

For its part the board has deliberately invited companies both within and outside Tica to tender for the contract to lag one of the next turbine sets at the station. No contracts have been settled, but it is plain that the board is prepared only to allow a firm to lay out the station's turbine sets if it employs "work within the imposed ceilings on hourly rates, not only when they return, but for the continuing period of the job."

The prospects of completing the two remaining turbine sets both within and outside Tica are dim, if only because of the rising cost of oil.

Moreover, the board, which sees itself as acting in the interests of the consumer, could, though it has never said

so, abandon work on the next set to be lagged as well. With one 660MW set already working and another expected to be completed next March the board could close construction at Grain but still leave a workable 1,300 megawatt power station in its wake.

On the other hand the GMWU, which has an earlier TUC disputes committee ruling giving it lagging rights on large sites, is determined not only to bring the dissident unions to heel but to ensure its own survival in an industry dominated by mechanical unions.

It is not surprising that the TUC says in its annual report that the CEB has been "unreasonable" in rejecting its formula. For the conflict is in large part one between the TUC's attempt to manage relations of its affiliates in accordance with what it sees as traditional union principles and the tough demands of a modern nationalized industry determined to retain control of the planting and construction contracts which it has to award to build power stations.

Even if the dissident unions were to back down there is no guarantee that the board would then commit itself to accepting the TUC formula. At the Isle of Grain, at least, the CEB will find a good many of the cards.

Donald Macintyre

Business Diary profile: Viscount Davignon and EEC steel

The man entrusted with the thankless task of restoring some sort of order to the European steel market is due to report the outcome of his efforts later today.

Viscount Etienne Davignon, the European Community's Commissioner for Industrial Affairs, has been engaged in a welter of negotiations over the past few weeks to establish whether there remains any chance of maintaining a system of self discipline in the industry.

The only alternative will be for the EEC to have to move onto new ground and wheel on the complicated machinery of production quotas provided for under Article 58 of the European Coal and Steel Community Treaty.

But even if the decision goes against the voluntary system, it would be wrong to expect Viscount Davignon to appear too downcast. The tall Belgian aristocrat, who is one of that happy breed for whom loss of hair does not mean loss of sex appeal, appears to thrive in adversity.

If the commission, which meets this morning, decides to invoke Article 58, many will be quick to point to the steel imbroglio as Davignon's Waterloo.

Yet in his almost four years as Industry Commissioner, there have been any number of moments when an impatient press has been ready to write off the Brussels whiff-kid as a fallen star, only to have Davignon bounce back undeterred. Davignon's resilience may owe much to the fact that he is an old Brussels hand. Despite his relative youth, he was 48 on Saturday—he has been a familiar figure on the European stage for many years.

He joined the Belgian foreign service in 1959. The decision was unremarkable enough. Davignon's grandfather had been Belgian foreign minister in the years leading up to the First World War. His father was a diplomat ending his career as ambassador to Berlin between 1936 and 1940. "Stevie" Davignon was born in Budapest in 1932.

He quickly showed promise and was taken up by Paul Henri Spaak, the foreign minister, one of that long dead generation of postwar Belgian politicians who rose above the squabbles of domestic politics to play a vital role in the creation of the European Community.

At 37 Davignon had become political director of the Belgian foreign ministry and played a decisive role in setting up the present system of political cooperation in the EEC.

This exercise was known at the time as "Davignon-type consultations". It still thrives although it has inevitably fallen prey to the community's love of acronyms being known instead as "PSC" (for political cooperation).

In 1974 he left Brussels briefly to become chairman of the governing board of the International Energy Agency.

When appointed to the commission in 1976 it would have been reasonable to expect Davignon to have given either the external affairs or energy portfolio. But commission appointments are fixed in a squall of night carved up from within. Viscount Davignon came away in charge of industry.



Is it to be the Napoleon or the Wellington hat? EEC Industry Commissioner Viscount Etienne Davignon.

had little need to worry about industry at a time of postwar boom in Europe.

But by the mid-1970s, in the wake of the first oil crisis, it became apparent that Europe was facing a series of industrial problems—the most serious of which was steel.

Oversight's performance as Industry Commissioner has been a personal tour de force. Inevitably, his approach to the industry's problems has been

conditioned by the absence of any clear policy guidance in the treaties setting up the Community.

He has been pragmatic and at times opportunistic. He has—

as when he gave encouragement to the synthetic fibres producers in their wish to establish a cartel—occasionally found himself in conflict with the free market ethos on which the non-agricultural element of the European Com-

munity was established. On that occasion he came away the loser.

It is difficult so far to point to any permanent achievement from his spell as Industry Commissioner. In part, this is because he has been cast willy nilly into the role of "crisis manager" but also because the Europe of "grand ideas" is a thing of the past.

He can be arrogant. He tends to talk at too great a length and too diffusely. But he is a man who enjoys a challenge and relishes action. Perhaps it is in this respect that he has made the greatest contribution he possibly could to the present commission.

For the composition of the commission has hardly been conducive to dynamism and action. Old political war-horses put out to grass or politicians whose overriding concern is the role they will play after Brussels in their home countries are by their nature ill qualified to concentrate on the job in hand.

In an environment, Davignon has been a refreshing change. The "Davignon" plan for steel may become no more than a footnote in a history book, the commission's hopes of influencing the development of the emergent information and telecommunications industries in Europe may come to naught. The commission may have no serious role to play in enabling the European car industry to respond effectively to the Japanese challenge.

But if nothing else, Viscount Etienne Davignon should be able to look back on his four years in the Jenkins commission, as a period in which his career, if nothing else, suffered no damage.

Industry in the regions

In view of its favourable strategic position on the Bath Road, now the A30, less than 80 miles from London, the present population of Marlborough (6,370) is surprisingly low.

From early times it was a great market, collecting produce from a large area of the West for transmission to London. John Aubrey, writing early in the seventeenth century, states that it was then "one of the greatest markets for cheese in the West of England. Here do reside factors for the cheesemongers of London."

It is evident, in fact, that the town grew up around its market, namely its broad High Street where once booths for selling an infinite variety of produce were set up and tens of thousands of sheep and cattle were penned. At the beginning of Victoria's reign its population was about equal to that of Swindon, but unlike many of its neighbours it failed to grow, probably being inhibited by being bypassed by the railway.

Devizes, situated in almost the exact centre of Wiltshire, was similarly bypassed by the railway. It was served by only a branch line, though it did have the advantage, for several important decades in the nineteenth century, of the water-borne traffic on the Kennet and Avon Canal.

It did not, however, expand as rapidly as many towns with comparable facilities, and today its population stands at a modest 10,430.

The third town of the district, Pewsey, which is equidistant from the other two, though much smaller to start with, grew much faster in the 15 years to 1971.

Each town is, of course, the nucleus of an extensive

Changing face of Wiltshire

school leavers but also to a number of firms standing off workers. The Devizes rate is jumped to 6.6 per cent (or 582 out of work).

The biggest employers of labour in Devizes are not industrial enterprises but the county police headquarters and Roundway hospital.

In Marlborough, the main employer is Marlborough College, but the town has a number of other industries, including the Tenable Screw Company and Arco Engineering, and also a tanner, a ceramic tile works and the Pelham Puppet factory. Keen to attract new enterprises to the area, the council has adopted a policy of offering redundant council-owned property to industry.

The population growth in the Pewsey area in the years preceding 1971 took place as much in the villages around the town as in Pewsey itself. One of the most notable is the fact that its station is conveniently served by inter-city trains, making it of interest to London commuters.

The village of Burbage (population 1,380) showed much growth, unrelated to industry, in the 1960s and early 1970s. Ludgershall, Netheravon, Upavon, North Tidworth and other downland villages on the edge of Salisbury Plain are all orientated mainly to service establishments, and their population tends to fluctuate in response to changing government policy towards the services.

Pewsey, on the other hand, is primarily agricultural and has no major employer. Planners have allowed scope for substantial industrial growth, but the facilities are being taken up only slowly.

Ralph Whitlock

Bleak outlook for transporters

Weekly list of fixed inter		Latest price	Prev price
Atch. & Wilson T. Deb	85-90	67 1/2	68 1/2
All. Pty. Hldgs. 5 1/2% Jan	92-97	68	68 1/2
All. Sav. & L. Deb. 10%			

Coverage	6% La 2004	Latest price	Prev price
Do	89-32	49 1/2	56
Do 8 2nd Deb	89-32	55	56
Courtesy 6%	92-08	55 1/2	50 1/2
Do 7	82-87	70	70 1/2

	Latest price	Prev price
Rockwell & Col 6 th Deb '85-90	63 ³ / ₄ %	65 ¹ / ₂ %
Read Int'l 7 th Deb '90	68	69
Rushby Port Com 6 '93	72	73

In addition to its cautious forecast, Lear stressed in its prospectus that its future results depend greatly on whether it discovers oil and

though the conversion price could range up to 20 per cent above the high for the year of the shares. The bonds are expected to bear annual coupons of between 7.5 and 8.5 per cent, but final terms will

should not come as that much of a surprise as they have been indicated by all the major sources in varying degree—Czarnikow; Woodhouse, Drake and Carey; F. O. Licht and the World Sugar Journal. The surprise is, perhaps, that they have

According to their suppos-

highs of February, zinc managed to buck the market trend on occasions and seems to be holding steady at around \$350 a tonne for three months met A. M. and S. Europe increased its price to \$405 a tonne and Cominco went even higher.

	Latest price	Prev price	Change
Air & Wilson T. Deb.			5. La

[illegible]

The fighting between Iraq and Iran bolstered confidence

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1. *Phragmites australis* (Cav.) Trin. ex Steud.

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confirmation of a considerable surplus of supply over demand of 4,500 tonnes for this year, 4,000 tonnes in 1982 with a possible deficit appearing in 1982 of some 500 tonnes.

hings of February, zinc managed to buck the market trend on occasions and seems to be holding steady at around \$350 a tonne for three months now! A. M. and S. Europe increased its price to \$405 a tonne and Cominco went even higher to

STRAIGHT DEBT			
Boars	Price	YIM	
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seem to be
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unless the con-

Prev. Ch'ge	Prev. Ch'ge	Prev. Ch'ge	Prev. Ch'ge
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35.7	-0.1	American Fed.	29.1	29.5	1.2
36.1	-0.4	Bank Reserves	29.2	27.0	2.2
36.5	-0.5	Tar Eastern	29.3	27.0	2.3
36.9	-0.1	Bank Income	29.4	26.5	2.9
37.3	-0.1	Free Growth	29.5	26.5	3.0
37.7	-0.4	International	29.6	25.0	4.6
38.1	-0.4	Prof's Gains	29.7	25.0	4.7
38.5	-0.4	Smaller Cr's	29.8	25.0	4.8

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